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CHAPTER 1: FOREWORD AND OVERVIEW

1.1 FOREWORD BY THE MAYOR



CLLR Mahosi N.G:Mayor

Yet again we present the Thulamela Local Municipality's Annual Report to our communities, The Report addresses the strides taken by the Municipality to execute its duties, responsibility and mandate to provide services to communities and the challenges encountered.

The Report seeks to provide you the readers with information about extensive work we have done, executed in pursuit of the mandate given by you the citizens of Thulamela.

The year under review was marked by two major events in our country, which were the 2010 FIFA World Cup and 2011 Local Government Election.

As part of our World Cup offering we have provided Public Viewing Area at Thohoyandou Stadium in conjunction with Vhembe District Municipality. The whole district used to converge at the stadium, and there was hive of activities for our communities.

The year under review had ended with Local Government Election marked by peaceful campaigns by all political parties. The 18th of May 2011 marked the dawn of another Five Year journey of Local Government and a new beginning based upon the aspirations and the will of our people.

In line with the National Government's call the municipality adopted its Integrated Development Plan and Budget allocations to respond to Key Priorities of government as outlined in the Medium Term Strategic Framework(MTSF,2009-2014)

The Municipality adopted strategic priorities during 2010/2011 financial year that were geared to ensure Service Delivery and Infrastructure Development, Local Economic Development, Municipal Development and Institutional Transformation, Good Governance, Public Participation.

These strategic priorities have specific priorities to realize the mission and the vision of the Municipality

Intensive engagements with our communities in various forums flowing from sectorial stakeholder meetings as part of the IDP process assisted in the success-full delivery of services for the period under review.

Communities were also free to engage with their elected representatives on the issues they believe are at the heart of their problems and in this regard I again want to stress the importance of ward committee system, people should actively engage with their representatives and keep their councilors on their toes.

The previous Council had laid the foundation for the next phase of Local Governance as we begin another journey that commenced on 18th of May 2011.The reflection of the journey travelled in 2010/11 is satisfactory although we admit that we could have done more, budgetary constraints was a problem.

We will continue with our vision to ensure that there is housing, security and comfort for everyone in partnership with Department of Co-operative Governance Human Settlement and Traditional Affairs- provision of Water remains at the top of our priorities.

In conclusion I believe you will enjoy the sterling job carried out in pursuit of the mandate granted by our communities.

Yours Faithfully

.....
CLLR Mahosi N.G:Mayor
Thulamela Municipalty

1.2 OVERVIEW BY THE MUNICIPAL MANAGER



Municipal Manager: Mathivha M.H

This report is most likely going to be my last with Thulamela in my capacity as the Municipal Manager. I am massively humbled by the opportunity that history has offered me to serve my people. I have no doubt that during my term in this position, I together with my colleagues, both administrators and politicians have made my humble contribution in the national call to better the lives of many.

It is a fact that more still have to be done and to this and I have no doubt that men and women that remain here will not falter and fail our people. We have together over the years built the requisite capacities to effect better life for all our people.

We worked with our people to generate innovations that won us two prizes in the area of electrification. We worked as a team to raise money for neighborhood, intermodal transport plan and encouraging investors to invest in ours areas.

Throughout this period we were characterized as the most stable in the province. It is appropriate at this time in this space to commend our people for the support they gave and continue to give us. There can be no sustenance of the municipality without this co-operation.

This is an account of the work done by the municipality covering the period between July 2010 and June 2011. The report is founded on the approved IDP and Budget of the year under review and the compilation of which was preceded by a broad based consultation process.

ORGANISATIONAL TRANSFORMATION& DEVELOPMENT

An improvement we have recorded is that we did not experience delay we had in the previous years in respect of the adoption of our organizational structure. This is an important development because it allows the municipality to start working on time.

We however could not get a solution in respect of filling the position of section 57 manager for Community Services. As reported in the previous report, the Acting Manager continued to provide leadership. All attempts were made to get the position filled. This challenge is further complicated by an Amended Municipal Systems Act which regulates this trend. The length of period a person can act in a position is three months. I am hoping that the new Council will treat this as matter of priority, failing which qualification will not be avoided.

Towards the end of financial year under review Council adopted a new organogram that had a new Department of Electricity and Housing created from the then Technical Department which remained as Roads and Storm Water. The basic of this split was to lessen the burden from one division aimed at fast tracking delivery of services. Coupled with this split was the immigration of PMU from Technical Department to the Municipal Manger's Office for proper co-ordination.

The implementation of these new developments included in with the new financial year and its effectiveness could only be reported under year 2011/2012.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE

For a period longer than five years our IDP continues to be topped by Water and Electricity then Roads occupying the third spot. Major strides were made towards making sure that all our communities get access to these services. The limiting factor has been financial constraints. In respect of electricity we have been able to secure funding from the DBSA for implementation in the ensuing financial year. This would certainly make a significant impact on the life of citizenry, though falling short of meeting the universal access target by 2012.

In respect of water our challenge of shortage of water in some areas continued to bedevil us. The paradox regarding this matter is that water is the responsibility of the Water Service Authority for which the local municipality could not even budget measuring the performance of a local municipality in instance or circumstances like these become art for the sake of art.

LOCAL ECONOMIC DEVELOPMENT

Our municipality continued to show sign of growth in different areas of economic development. We saw major development starting; few examples of these are the following: Neighborhood Development, Intermodal Transport Facility and the construction of Game Shopping complex in our area. These projects assisted in the area of creating jobs which led lessening economic burden of many residences.

The process of getting the land released by Land Affairs Department for the erection of regional mall just outside the Thohoyandou stadium was nearing conclusion and all signs were that close to a billion rand was going to be spend. This would certainly have a major boost on economic development.

More and more investors continue to look for space for investment in our area. This must imply to us that our area enjoys the confidence of the investors. What remains for us is to harness this opportunity for the better.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Our Audit Committee continued to function very well with the support of the Internal Audit Unit. This has led us to progress from a Qualified Opinion we received from the Auditor General. A Qualified Opinion is not something we must pride our self about, but bearing in mind the fact that we were out of the Disclaimer and Adverse zone for two consecutive years we must report on it as a step in the right direction.

We however submit to Council Management Letter, Audit Opinion and our Action Plan to address all issues raised by the Auditor General.

The area that disappointed us was Risk Management as the officer who was appointed proved to be a risk to the municipality. It was a sign of relief when he resigned from the employ of the municipality to join a government department.

Performance Management System for the first time ever had an officer appointed to concentrate specifically on matters of PMS and evaluation of performance.

Public Participation in spite of the fact that it had no permanent appointed official was pursued through all the stages of the drafting of the IDP and the adoption of the Budget.

Financial Viability and Management is another area that needs serious attention. If all intergovernmental transfers were to be terminated or withheld, the municipality would find it extremely difficult to exist and this should tell us that talking financial viability can only mean management of the transfers' receivable from other sphere of government; the year under review was no difficult.

The municipality leadership is this advised to prioritize strategies to broaden the revenue base, lest viability will just be but an item devoid of content.

There are areas like Makwarela location that continued to resist payment of service with little being done to have that deviant behavior corrected. Misunderstandings between the municipality and some traditional leaders continued to characterize the municipality. This heightened the tension between the two institutions. This must be addressed if normality is to be expected.

As indicated earlier this resume is not intended to sum the entire report but rather, to present a framework within the detailed report is presented.

I thus present the report to our readers and encourage insightful reading thereof.

Yours Faithfully

Municipal Manager

MATHIVHA M.H

1.3. EXECUTIVE COMMITTEE SUMMARY

EXECUTIVE SUMMARY

Introduction

The Executive Committee (EXCO) of Council reported directly to Council. It consisted of ten Councilors, including the Mayor. The Mayor served as the Chairperson of Council. EXCO worked closely with Portfolio Committees, chaired by members of EXCO. Council had 38 Councillors from PR list and 38 Councillors represented Wards. 15 Traditional Leaders served as Ex officio in all council meetings.

Each Portfolio Committee dealt with a cluster of competencies linked with the municipal's Five Functional Departments. EXCO took decisions and prepare resolutions to the Council.

The following members serve in the Executive Committee:-

- o Cllr. Mahosi N.G (Mayor & EXCO Chairperson)
- o Cllr. Maholwane K.E (Chairperson: Finance Portfolio).
- o Cllr. O.T Malindi (Chairperson: Land Use Management and Traditional Affairs Portfolio).
- o Cllr. Tshifhango A.S (Chairperson : Housing and Electricity Portfolio).
- o Cllr. Ligaraba L.E (Chairperson : Human Resource Portfolio).
- o Cllr. Mulovhedzi H.P (Chairperson : Water and Roads Portfolio).
- o Cllr. Madzunya E. (Chairperson : Education, sports, Arts & Culture Portfolio)
- o Cllr. Netshifhefhe M. (Chairperson : IDP & Local Econ. Dev. Portfolio).
- o Cllr. Chabangu M.E(Chairperson: Health, Environment, Safety & Security
- o Cllr. Risenga T.E. (Chairperson: Special Programmes: Youth, and Disabled Person & Gender Portfolio).

There were Five Departments that form the basis of Administration. Administration was responsible for Strategic Day to Day Operational Matters of the municipality and Implementation of Council's decisions. As well as providing Technical, Professional support and Advice to Council.

Mr. Mathivha M.H is the Municipal Manager. He works with the following

Team of Senior Managers (all appointed on Performance Contracts), who are responsible for line function departments:

- o Corporate Services : Ms. Ngobeni T.C
- o Planning and Development : Mr. Maluleke H.E
- o Technical Services : Mr. Muneri M.E
- o Community Services (Acting) : Mr. Madi M.S
- o Financial Services : Ms. Madzhie A.M

1.4 PROFILE OF THE MUNICIPALITY

Introduction

Thulamela Municipality is a Grade 4 (four) Local Authority established in terms of Local Government: Municipal Structures Act (Act 117 of 1998).

It is the largest municipality in Limpopo Province, in terms of population, and one of the four local municipalities, comprising Vhembe District Municipality. It is situated in the far northern side of Limpopo province.

Vision

We, the people of Thulamela would like:

- ***Our municipality to provide basic services to all our communities in a sustainable manner and to create an enabling environment to improve the quality of life our people, and***
- ***Our area to become a tourist destination and a productive agricultural area.***

Mission

We build prosperity, eradicate poverty and promote social, political and economic empowerment of all our people through delivery of quality services, community participation, local economic development and smart administration

Values / Motto

We serve with dedication

- Total population: 602 819.
- Total number of household: 137 852.
- Total number of wards: 38.
- Total number of councilors: 76.
- Total number of Traditional Authorities attending council: 15.
- Legislative / Economic Town; Thohoyandou.
- Location of Head office: 70km East of Makhado and
190 km North East of Polokwane.
- Police Stations: Malamulele, Thohoyandou, Saselamane, Tshaulu.
- Courts of Law: Malamulele, Thohoyandou.
- Health Institutions: 5 Hospitals 33 Public Health facilities.
- Schools: 426
- Tertiary institutions: University of Venda, further Education & Training College, Tshilidzini Nursing College, and Many Private Training Institutions.
- Employment Industries: Farming 2815, Mining 235, Manufacturing 3768, Utilities 819, Construction 5 348, transport 2629, Business services 2838, Social services 18 246.
- Municipal Grade: Grade 4 (Four).
- Auditors: Office of the Auditor General.
- Bankers: First National Bank (Thohoyandou Branch).
Account no. 5466 007 8973.

Contact Details:

PHYSICAL ADDRESS:

Old Agriven Building, Thohoyandou, Limpopo Province

POSTAL ADDRESS;

Private Bag x5066
Thohoyandou
0950

TEL COMMUNICATION:

015-962 7500 (Tel)
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WEB ADDRESS: www.thulamela.limpopo.gov.za

ACKNOWLEDGEMENT

This Annual Report of Thulamela Municipality describes and details the activities of the municipality for the 2010/11 financial year (1 July 2010 up to 30 June 2011). It has been prepared for submission to Council, Department of Local Government and Treasury, in line with the requirements of the Municipal Finance Management Act (MFMA).

1.52010/11 MAJOR SERVICE PROVIDERS

	NAME OF SERVICE PROVIDER	PROJECT DESCRIPTION	LOCATION	PERFORMANCE HIGHLIGHTS
1	Rosedzaphanda	Electricity	Tshikunda	Project Completed on time
2	Rosedzaphanda	Electricity	Tshilungwi	Project Completed on time
3	Mogalemole	Electricity	Tshamutavha	Project Completed on time
4	Mogalemole	Electricity	Lwamondo-Lukau	Project Completed on time
5	Mogalemole	Electricity	Mphandani	Project completed on time
6	Mogalemole	Electricity	Makonde-Tshituni	Project completed on time
7	Roncon	Electricity	Murangoni	Project completed on time
8	High Voltage	Electricity	Khumbe Zone 5	Project completed on time
9	High Voltage	Electricity	Tshivhungululu	Project completed on time
10	EMC	Electricity	Mutshenzheni	Project completed on time
11	EMC	Electricity	Muhotoni	Project completed on time
12	Mdina	Electricity	Josefa	Project completed on time
13	Mdina	Electricity	Maphophe	Project completed on time
14	Power Project	Electricity	Vondwe Block 5	Project completed on time
15	Power Project	Electricity	Vondwe Doyoyo	Project completed on time
16	Muteo	Electricity	Mavhola	Project completed on time
17	Muteo	Electricity	Ngwenani	Project completed on time
18	Muteo	Electricity	Duvhuledza	Project completed on time
19	SAZI	Electricity	Mvelaphanda	Project completed on time
20	Siphiwe	Electricity	Mangondi	Project completed on time
21	Mphaphuli Consulting Engineers	Thohoyandou D Phase 3 Electrification	Thohoyandou D	Poor
22	Denzhe Electrical	Thohoyandou D Phase 3: Electrification	Thohoyandou D	Very good
23	Ntsaku Amu Bus Enterprises	RDP Houses: 100 Units	Mukhomi	Project completed on time
24	Vharanani Properties	RDP Houses: 114 Units	Makhuvha / Tshidimbini / Mukula / Makonde / Sambandou	Good
25	Katekani Maintenance and Projects CC	RDP Houses: 24 Units	Matsakali / Halahala / Muchipisi	Excellent
26	BVI/Ngungwa Developer	Thohoyandou Unit S Roads & Storm Water	Thohoyandou S	Progressing well (Very good)

27	Vela VKE/Civil Pele Kaofela	JJ Motors Link Road	Thohoyandou	Progress Well (Very good)
28	G & C Consulting/Dolly Construction	Saselamani Ring Road	Saselamani	Completed
29	KV3/Phetlago	Acacia Park Access Road	Thohoyandou	Progressing Well
30	T2 Tech Victory Consultant/Nkomasi	Manyuha Access Roads	Manyuha	In Progress
31	T3 Consultant/Mchacane Construction	Rehabilitation of Streets	Thohoyandou / Sibasa / Makwarela	Progressing well
32	WR Khanya / Splish Splash	Gate Way Water Reticulation	Around Thohoyandou Stadium	Completed and good
33	WR Khanya / Denrob	Gateway Sewer Reticulation	Around Thohoyandou Stadium	Progressing well (good)
34	KV3 / Blue Dot	Thohoyandou Unit S Water Reticulation	Tshilungoma	Progressing Well
35	Murango Consulting Engineers	Street Rehabilitation Phase 1	Thohoyandou / Malamulele / Makwarela / Shayandima	Very good
36	Mkhacani Construction	Streets Rehabilitation Phase 1	Thohoyandou / Malamulele / Makwarela / Shayandima	Very good
37	Ngungwa Development	Thohoyandou S Road & Stormwater	Thohoyandou S	Good
38	Worley Parson RSA	Thohoyandou S Water & Sewerage	Thohoyandou S	Good
39	Blue Dot Pest Control and General Services	Thohoyandou S Water & Sewerage	Thohoyandou S	Good
40	WR Khanya Consulting Engineers	Thohoyandou Water & Sewerage	Thohoyandou	Good
41	Denrob Business Enterprises	Thohoyandou Sewerage	Thohoyandou	Poor
42	Vela VKE Consulting Engineers	JJ Motors to Maniini Access Road	Thohoyandou	Very good
43	Civilcon Pela Kaofela JV	JJ Motors to Maniini Access Road	Thohoyandou	Very good
44	WorleyParson RSA	Arcacia Link Road and Internal Streets	Thohoyandou	Very good
45	Phethlago Construction	Arcacia Link Road and Internal Streets	Thohoyandou	Good
46	EMC / Rendeals Four / Prisms Architects	Makhuvha Sports Facility	Makhuvha	Very Poor
47	ACTISOL 128 CC	Makhuvha Sports Facility	Makhuvha	Very Poor
48	Mapicon DII JV	Makhuvha Sports Facility	Makhuvha	Good
49	Leziman 3521 CC / Masana JV	Makhuvha Sports Facility	Makhuvha	Very good
50	Bologo Civilas	Makhuvha Sports Facility	Makhuvha	Good
51	Naledzani Environmental Consultants	Tourism; Accommodation & Development	Mukumbani Water Falls	Excellent and the Project was completed before time
52	Moletjie Contraction	Tourism; Accommodation & Development	Phiphidi Water Falls	Excellent
53	Moletjie Contraction	Resource Centre and Resource Material Development	Herbarium Centre	Excellent

CHAPTER 2: MAJOR KEY AREAS OF PERFORMANCE : 2010/11

(a) MUNICIPAL MANAGER'S OFFICE

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (20%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To render human resource programme on employment, wellness, trainings, recruitment, selection, staff retention & organogram	Filling of all vacant section 57 managers' posts		To fill one vacant post for Sec 57	No achievements, Senior Manager for Community Services was not appointed	The Council has not yet made decision	A re-advertisement of post will be made in the 2 nd quarter of 2011/12
	Signing of Performance Plans by all section 57 Managers 2010/11 financial year		All Senior Managers & Municipal Manager to sign Performance Plans	All Sec. 57 Managers & Municipal Manager have signed their Performance Plans in the 1 st quarter	None	None
	Review of the organogram of the municipality to ensure alignment with IDP for 2010/11 financial year		Approval of Organogram by Council	Organogram was reviewed and approved in line with IDP Priorities	None	None
To provide democratic & accountable government for local communities	Developing and approval of IDP in line with Municipal Systems Act		Approval of IDP/Budget Process Plan by Council	The Process Plan was adopted by Council in August 2010	None	None
To capacitate residents through stakeholders representatives to make contribution towards service delivery	Number of Outreach Programmes to be held (IDP, Budget, Tariffs)		4 IDP Rep Forum meetings. 11 IDP/Budget/Tariff meetings.	2 IDP Rep Forum meetings were held All 11 meetings were held at nodal point areas	Municipal Elections processes and Treasury Circular made changes in the process plan	None
To develop Performance Agreements by all section 57, as per the adopted IDP, and in line with Municipal System Act	Conducting Performance Review for section 57 Managers on periodic basis.		4 Quarter Reports for PMS to be available	All Sec 57 Managers submitted all 4 PMS quarterly reports based on their Performance Management Plan	None	None

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Review changes to inform Budget adjustment		Budget adjustment to be approved by Council	Budget Adjustment was tabled and approved by Council in January 2011	None	None
	Consolidating and preparing proposed budget and plans for next FY (at least 150 days before the start of the FY		1 st Draft of IDP and Budget to be approved by Council in March	The 1 st draft of IDP and Budget was approved by Council in February 2011 due to Elections Preparations & Treasury Circular.	None	None
	Developing, submitting of recent mid-year review & any corrective measures proposed as part of the oversight report for the previous year audited financial statements & annual report		Approval of 2009/10 Annual Report by Council Approval of Oversight by Council Submission of Audited Financial Statement to AG in 31 August 2010	Annual Report for 2009/10 was adopted by Council in March 2011 Approval of Oversight Report was made by Council in March 2011 FS was submitted to AG in August 2010	None None Annual Performance Report was submitted in October 2010	None To create PMS Unit and provide Human Resources
	Developing, submitting of recent mid-year review & any corrective measures proposed as part of the oversight report for the previous year audited financial statements & annual report		Approval of Mid-year Term and Budget Assessment Report by Council	A Report was tabled and approved by Council in January 2011	None	None
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION

	Submitting of the final drafts of IDP, Budget & Tariffs to Council		Final Drafts of IDP & Budget to be approved by Council.	Final Draft of IDP & Budget were approved by Council on the 14 th April 2011	None	None
	Submission of SDBIP and Annual Performance Agreements not later than 28 days after the approval of the IDP & Budget to the Mayor		Signing of SDBIP by the Mayor in June 2011	The SDBIP was prepared and signed by the Mayor in June 2011	None	None
	Audit Committees periodical meetings		4 meetings to be arranged	4 quarterly meetings for Audit Committee were held	None	None
Reduce the outstanding debts by 10% by 30 June 2011	R342, 3 million		R34 million to be collected	R24,3 million was collected	The culture of non-payment has made the municipality not to achieve set targets	To intensify campaigns in 2011/12 Financial Year
	Billing of Consumers		12 Monthly Billing on Residents & Business	Monthly billing statements are sent out	None	None
	Quarterly financial reports		4 Quarterly reports are to be submitted	All quarter Reports are prepared and submitted	None	None
Financial Control, Compliance and Management	Submission of Financial Statement to Auditor General's office		Submission of Financial Statement to Auditor General's office	AFS was submitted to AG's Office in August 2010	None	None
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTIONS
	Percentage of a municipality 's		To spend R50, 964, 000 of capital	All the allocation for Capital Projects(R50 964	None	None

	capital budget (including MIG) actual spent on projects identified for 2010/11 FY in terms of IDP		budget for 2010/11 FY	000) was spent at the end of the Financial Year		
To ensure that people in the municipal area have access to clean running water by 2014	Coordinating the identification of needs by communities into the IDP into the Municipality		9 villages are planned to receive water in 2010/11	All 9 identified villages were submitted to VDM	None	None
To ensure that people in the municipal area have access to a decent sanitation by 2014	Coordinating the needs identification by communities.		54 villages are planned to receive VIP Toilets	54 villages were identified and submitted to VDM to receive VIP Toilets	None	None
To ensure that people in the municipality have access to electricity	Coordinating the needs identification with communities for Electricity to implement projects		21 villages to be electrified in 2010/11	All 21 villages were electrified though Eskom and Dept. of Energy	None	None
To ensure that every household has access to waste management services	Households with access to basic level of solid waste removal		44 000 households to be serviced once a week	Refuse is collected once per week in 44 000 households	None	None
Provide and maintain accessible streets to communities	Number of new km of roads/streets that are graveled and surfaced		To construct 40km of gravel by June 2011	40 km Of gravel road was upgraded	None	None
To provide traffic safety and law enforcement.	Coordinating public transport planning (include traffic law enforcement, vehicle testing & registration)		Daily Patrols of Traffic Officers in major roads	All major routes are patrolled by traffic officials on daily basis	None	None
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTIONS
To upgrade Sports Facilities, Parks and Recreation	Coordinating for provision of sports and recreation facilities, parks and graves		6 number of Sports Facilities to be maintained	4 Sports facilities were upgraded	Makhuvha Stadium was delayed because on non-performance by Contractor	New Contractor was appointed for Makhuvha Stadium and Makonde Stadium's

			3 Parks to be maintained	All three Parks were well maintained	None	upgrading could not take place due to budget adjustment
			3 Cemeteries are to be maintained	All requests for three Cemeteries were attended to	None	None
To alleviate poverty amongst our people by creating sustainable jobs	LED jobs creation initiatives		1773 jobs initiatives that are to be created	-1170 jobs were created through EPWP -20 street cleaning were employed and 1187 were employed for Greenery Projects	Financial constrains to fund more projects	More funding is needed to fund more projects that will help create jobs
	Planned Council meetings (excluding special Council meetings)		4 meetings are to be arranged	Four planned meetings of Council were held	None	None
	Planned EXCO 's meetings		9 meetings to be arranged	All 9 planned meetings for EXCO were held	None	None
	Planned Senior Managers' meetings (excluding special meetings)		12 meetings to be arranged	Al 12 planned meetings for Senior Managers were held	None	None
	Ward Committees periodical reporting		4 reports per ward are to be submitted to the Speaker's office	All quarterly reports were submitted to the Speaker's Office	None	None

(b)CORPORATE SERVICES DEPARTMENT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (40%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
HR MANAGEME-NT						
RECRUITME-NT AND SELECTION	Number of vacant post filled per quarter.		47	33	Lack of commitment from other department.	None
	Reviewed Organizational structure		01	01	None	None
To render recruitment services and achieve equity in the workplace	Signed contract of employment for existing staff.		546	07	No cooperation from the union/delay in informing employees by SAMWU	Senior management must intervene
	Submit employment equity report		01	01	None	None
	Reviewed HR policies		04	02	Delay in receiving inputs from other departments.	Setting time frame and adhere to it.
To provide and administer benefits and allowances of employees.	Claim pension benefits for employees exiting the system and deceased.		18	18	Lack of pool vehicles	Purchasing of pool vehicles
	Administer leave rosters		6	6	None	None
	Administer leave for the employees		710	710	None	None
TRAINING AND DEVELOPME-NT	Developed and submitted workplace skills plan and annual training report		01	01	Non functionality of Training Committee	Training Committee to be trained
To develop capacity and retain skilled staff in the municipality	Trained staff		200	212	None	none

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
LABOUR RELATIONS	Finalize misconduct cases within a reasonable period as per disciplinary code and procedure. To promote sound labour relations.		6	2	Unreasonable delays	Awareness on labour relations issues to be conducted
	Speedy resolution of grievances within 30 days		None	none	None	none
	Awareness campaign on labour relations issues		None	none	None	Programme has been drawn up for 2011-12 financial year
	Represent municipality on conciliation and arbitration proceedings.		all reconciliation and arbitration cases	none	Lack of conciliation and arbitration skills	Conciliation and arbitration courses.
PAYROLL	Preparation and distribution of salary advice by the 22 st of every month.		546	546	None	None
To ensure proper administration of salaries and wages						
	Payment of salaries by the 25 th of every month.		546	546	None	None
LEGAL AND ADMINISTRATION SERVICES	Contract with the Insurance Company to insure all municipal assets		100%	Completed on the 1st of July 2010 for	None	None
				financial year 2010/2011		
To make sure that Municipal Assets are insured						
To regulate relationship with service providers	facilitate lease agreements and contracts for the municipality		10	10	None	None

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To Litigate for the Municipality	Institute/Defend proceedings for or against the Municipality		100%	15	All cases still pending	None
To provide secretariat to Council	Prepare documentation and distribute for council Meetings within 7 days before the meeting and to craft resolutions of council.		4	4	none	None
To provide secretariat to EXCO	Prepare and distribute documentation for EXCO meetings.		9	9	None	None
To regulate or manage municipal vehicles to ensure that they are used in a safe and efficient manner.	To develop a policy and procedure manuals on fleet management		1	1	None	None
	Reconcile vehicle itinerary for all departments on monthly basis.		12	12	None	None
To value all the properties within the jurisdiction of the municipality	Approve supplementary Valuation roll		1	1	None	None
ICT	Annual Review of ICT Strategy		01	01	None	None
To provide a plan/strategy for ICT	Disaster Recovery Plan		01	01	None	None
To develop, review existing policies.	Approved policies by council		07	07	None	None
To establish reliable backup procedures	Annual Back Up Report		12	12	None	None
OBJECTIVE	KEY	2009/10	2010/11 ANNUAL	PROGRESS / STATUS OF ACTIVITIES		

	PERFORMANCE INDICATOR	BASELINE	TARGET	ACHIEVEMENTS	CHALLENGES	INTERVENTION
To establish functional service desk system	Functional Service Desk Process		01	01	None	None
To provide Service Desk software	Functional Service Desk System		01	01	None	None
To manage functional application systems.	Configuration and monthly reports to all application systems.		48	48	None	None
To provide hardware equipments	Email, internet, backup, intranet, antivirus, firewall, Service Desk, User Data, GIS, TRAFMAN, Water System servers		11	11	None	None
To contract a Service Provider for PC, Printer, Photocopies leasing	Lease agreement entered into with service providers.		01	01	None	None
To upgrade Server Room infrastructure	SABS approved Server Room		01	01	None	None
RECORDS MANAGEMEN-T	Develop records management strategy		01	One	budget	To be budgeted for the next financial year 2011/2012
To provide proper records keeping systems	Review of file Plan					
			01	01	None	.
To dispose ephemeral records	Issuing of Disposal certificate		01	01	No shredding machine	Purchasing of shredding machine

KEY PERFORMANCE AREA 2: FINANCIAL VIABILITY (15%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To provide proper management of departmental budget.	Total amounts for capital and operational budget spent.			70%	None	None
	Refund of skills development levy contributions		100%	100%	None	None
	Collection of private telephones and cell phones usage		100%	100%	None	None

KEY PERFORMANCE AREA 3: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (5%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To facilitate service level agreements and contracts for capital projects of the municipality	All capital projects contracts with service level agreements which do not expose municipality to liability.		124	124	None	None

KEY PERFORMANCE AREA 4: LOCAL ECONOMIC DEVELOPMENT (5%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To facilitate in-service trainings and internship	Skilled communities		100%	100%	None	None

KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (35%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To hold Departmental meetings	Number of meetings held		9	9	None	None
To hold portfolio committee meetings	Number of meetings held		9	9	None	None
To monitor ward committees functionality	Facilitate the training of ward committees.		01	01	None	None
	Submission of assessment reports and minutes of ward committee meetings.		4	4	None	None
To conduct public/ community participation	Public participation is conducted in line with IDP processes		1	1	None	None
To Develop and amend Municipal By-laws	New By-laws and amendments are done within 30 working days of receiving Instruction/request		3	3	None	None

(c) DEPARTMENT: FINANCE DEPARTMENT

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL MANAGEMENT: Filling of Vacant Post(s) in the Department	Number of vacant posts filled in the department		19	5		We have submitted our request for advertisement, but only five (5) posts were appointed.
Well trained personnel	Number of officials trained		8	8		
Conducting Periodical meetings for the Department	Number of departmental meetings held in 2010/11		12	9		

KPA2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE (10%)

OBJECTIVES	KEY PERFORMANCE AREA	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Payment of Service Providers	Payment of Service Providers within 30 days upon receiving invoice		Payment of Service Providers within 30 days after receiving invoice	Suppliers paid within 30 days after receiving the invoice	1. Monitoring of payments was not effective. 2. Incomplete information is being submitted to finance for processing or payment requisition not properly	1. A register of invoices with column of turnaround time was introduced to monitor compliance. 2. A check list will be designed and implemented to ensure that all role players attach the necessary supporting documents prior to submission to finance

					supported. 3. Invoices not submitted promptly to finance for processing, e.g contract not reflecting the agreed amount.	for processing
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KPA 3: LOCAL ECONOMIC DEVELOPMENT (10%)

OBJECTIVES	KEY PERFORMANCE AREA	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENT	CHALLENGES	INTERVENTION
Maintenance and Implementation of Indigent Register	Number of Beneficiaries in the Indigent Register	9000 completed application forms	100% of Indigents submitted without mistakes to be in the Register	13000	1. completed application forms not promptly submitted. 2. Application forms not duly completed.	

KEY PERFORMANCE AREA 4: FINANCIAL VIAILITY AND MANAGEMENT (40%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	2010/11 ANNUAL TARGET		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
CREDIT CONTROL	Reduce the outstanding debts by 10% by 30 June 2011		34.2 mill	24.3mill	1. Reminder letters, demand and restriction letters are not sent to debtors on regular basis 2. restrictions of services is only limited to water since the municipality does not have electricity license.	Letters will be generated automatically by the system. The municipality is in the process of writing in the process off some of the services.
COLLECT REVENUE	Reconciliation of traffic fines Revenue each month		12	12		
	Reconciliation of rental of facilities every month		12	12		
	Reconciliation of Licensing & Registration Revenue every month		12	12		
BILLING	Billing of accounts every month		12	12		
OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	2010/11 ANNUAL TARGET		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Delivery of statement each month		12	12		
	Preparation of property rates		12	12		

	reconciliation monthly					
	Reconciliation of consumer debtors to the general ledger 10 days after billing		12	12		
	Interest reconciliation 10 day after billing		12	12		
	Month end procedure performed each month		12	12		
	Year-end procedure performed at year end		1	1		
TO COMPILE MONTHLY REPORT	Compile debtors payment report monthly		12	12		
OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	2010/11 ANNUAL TARGET		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Compile Assessment rates report monthly		12	12		

	Compile meter report monthly		12	12		
	Compile debtor's age analysis monthly		12	12		
TO FACILITATE PAYMENT	Payment of creditors within 30 days of receipt of invoice		100%	100%		
	Preparation of cashbooks by the 5 th of every month		12	12		
	Preparation of creditors reconciliation monthly		12	12		
	Preparation of vat reconciliation after submission of vat return		12	12		
	Submission of vat return every month		12	12		
	Reconciliation between payroll and general ledger monthly		12	12		
	Payment of salaries & allowances by the 25 th each month		12	12		
OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	2010/11 ANNUAL TARGET		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Submit the Review of budget & tariffs Annually 31 Jan		1	1		

	each year					
BUDGETING	Submission of income and expenditure report within 10 working days after the end of the month		12	12		
	Submissions of Annual Financial statement to Office of the Auditor General by 31 st August each year		1	1		
	Compile Budget time table by the 31 st of August each year		1	1		
	Submission of draft budget and tariffs to council for tabling by the 31 March each year		1	1		
	Submission of budget by the 31 st of May each year to council for approval		1	1		
	Submission of SDBIP 28 days after the approval.		1	1		
	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Preparation of bank reconciliation monthly		12	12		

	Submission to council of reviewed budget by the 31 st of January each year		1	1		
PROCUREMENT OF GOODS AND SERVICES	Compilation and review of supplier's database quarterly.		4	4		
	Procurement of goods and services		100%	100%		
	Compilation of bid documents		100%	100%		
	Monthly reporting of all tenders awarded to Treasury		12	12		
MANAGEMENT OF ASSETS	Compilation of assets register		1	1		
	Monthly asset reconciliation between the GL and the asset register		12	12		
	Assets verification annually		1	1		
OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	2010/11 ANNUAL TARGET		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
	Monthly inventory reconciliation between the		12	12		

	inventory list and the GL					
MANAGEMENT OF INVENTORY	Annual stock taking		1	1		

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)

OBJECTIVES	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Implementation of Municipal by-laws and policies	Implementation of adopted by-laws and policies Implementation of income related procedure manuals		100%	100%		

(d) PLANNING & DEVELOPMENT DEPARTMENT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (15%)

SUB-PROGRAM	OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
					ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL MANAGEMENT	Filling of vacant post (s) in the department	Number of vacant posts filled	10 Vacancies in the Organogram. No posts were filled this Financial year	4 vacant posts budgeted for.	All 4 vacant posts were advertised and filled. The following were appointed: Nemadzhlili HA, Mulovhedzi ME, Mulaudzi HM and Mbedzi A	None	None
	Signing of performance agreement	Signed performance agreement	Performance agreement was signed	Performance agreement was signed	Signed performance agreement	None	None
	Preparing PMS quarterly reviews and report.	Departmental PMS quarterly reviews Reports & Annual report	4 PMS quarterly review reports & Annual report were done in 2009/10	Conduct 4 PMS Quarterly reports.	All 4 quarterly PMS reports were conducted	None	None
	Work Skills Plan	% of WSP implementation	Identifying training needs and skills development for all employees	On-job training and short courses for identified staff members. (At least 5 staff members should be trained)	Mudzunga MC attended a 6 months GIS training. Shibambu R, Maluleke K, Nesengani & Mukwevh o from DWAF Malamulele received on-job office training. The following Town Planners, Surveyors, LED practitioners and Building supervisors received in-service training.: Mukhethi M, Mamburu, Manganyi, Maluleke, Mamburu, Phophi, Manganyi, Rakuadzi A, Mashau H, Nematandani T, Makhuvha A, Masia M	None	None

KEY PERFORMANCE AREA 2: SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT (35%)

SUB-PROGRAM	OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
					ACHIEVEMENT	CHALLENGES	INTERVENTION
SPATIAL DEVELOPMENT	To provide legal guidance on any development within the municipal boundaries.	Facilitation of the development of Spatial Development Framework (SDF)	Draft SDF available-	Approval and implementation of SDF.	Spatial Development Framework (SDF) was finalized and adopted by Council. Consultation process and formation of Committees in at Gijana, Mhinga, Tshaulu and Phaphazela Nodal points.	None	None
		Facilitation of the development of Land Use Management Scheme (LUMS)	LUMS covering only the Proclaimed area is available	Development & approval of LUMS	Draft Wall-to-wall LUMS developed. Implementation will be possible after the enactment of the LUM Bill.	The Land Use Management Bill not yet enacted into an act and therefore cannot be enforced.	The Department of Rural Development and Land Reform was instructed by the Constitutional Court to have the new Act enacted by June 2012
			No Town Planning Scheme (TPS) available	Development & approval of Town Planning Scheme (TPS)	The Draft Town Planning Scheme has been prepared.	Objections from Mphaphuli Traditional Council to implement the scheme.	Our legal representatives and the objectors are handling the matter
SUB-PROGRAM	OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
					ACHIEVEMENT	CHALLENGES	INTERVENTION
LAND USE MANAGEMENT	Proper implementation of Land use management system.	Implementation of Land Use management system.	50% Compliance with Land use management system	80% compliance with Land Use Management Scheme	About 80% of the Land Use management system is incorporated in the Departmental procedure manual and is being implemented.	None	None

	Processing of Deed of Grants	Number of Deed of Grant rights to be processed	383 Deeds registered in 2009/10 FY	400 Deeds to be registered in 2010/11 FY.	<p>The following were processed during the financial year.</p> <p>-223 Deed of Grants application</p> <p>-260 Transfers</p> <p>-1181 Deeds registration</p> <p>-26 Rectification</p> <p>-26 Lost copy</p>	None	None
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OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Processing of Permission To Occupy certificates (PTO)	Permission To Occupy (PTO) certificates processed	94 PTO certificates processed in 2009/10 FY.	100 PTO certificates to be processed	<p>The following were processed during the financial year.</p> <p>-71 PTO applications were processed</p> <p>-42 orchards PTO (<5ha) processed</p> <p>-55 approval in principles</p> <p>-36 Trading licenses issued</p>	None	None
Processing consolidation of sites	Processing all applications (100%) received for consolidations	4 Applications for consolidations received in 2009/10 FY.	Processing all applications (100%) received for consolidations	A total of 4 applications for consolidation were received and processed	None	None
Processing subdivision of sites	Sub-division of sites processed.	2 Applications for subdivisions received in 2009/10 FY.	Processing all applications (100%) received for subdivision	Only 1 application received from clients. The Department appointed consultants to demarcate 135 portion/sites during the year.	None	None

Processing business applications for financial year	Business sites applications turn-around time reduced.	30% reduction of processing time to 4.6 months average.	20% reduction of current processing time to 3.7 months avg.	An average of 2.7months processing time for the Business applications was achieved during the year.	None	None
Processing rezoning of sites	Processing all applications (100%) received for rezoning	8 Applications for rezoning were processed in 2009/10 FY	Processing all applications (100%) received for consolidations	All received applications (12) twelve applications for rezoning were processed during the financial year.	Most residential sites are converted to businesses without following proper rezoning processes.	Introducing community awareness programs.

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
GEOGRAPHICAL INFORMATION SYSTEM (GIS)	Acquire GIS server and set-up a back-up system.	ARCGIS software available and installed.	Acquire GIS server and back-up system setup.	Acquired external hard drives for temporal back-up.	Financial constraints and lack of IT support hindered us from achieving our target.	Finance required acquiring GIS server and introducing an automated back-up system.
Implement and Update GIS and Mapping	Sourcing data and information updating	At least 12 different data sets sourced	Sourcing digitized rural vector data for all 38 Wards.	All SG approved GP's for formal villages captured. Un-approved DXF files for Villages converted to shape files.2009 spot 5 images and 20m Thohoyandou CBD contours sourced.	High resolution images are expensive	None
	Capturing Cadastral and site ownership data.	Captured Erf ownership data and missing Cadastral data.	Continuous updating of Spatial and Non-Spatial data	Spatial data (shape file) for 2011 ward boundaries updated. About 60% cleaning & updating non-	Getting assistance from the Financial system service provider to create a unique 21digit code is a challenge.	Finance and the Service provider to assist in cleaning data and the creation of a unique 21digit code.

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
				spatial data (site ownership data) in Data cleaning Project completed.		
	Update GIS information by capturing Street names in the system.	No street names captured in the GIS system.	Captured street names of at least 5 Traditional Councils in the GIS system	Presentations for the street naming processes & procedures conducted in at Mhinga, Lambani, Nthlaveni, Makuleke T/A, Tshivhase T/A and Mphaphuli T/A	Maps distributed to the Traditional Councils are not returned.	Ward Councilors' should assist and co-ordinate the process and make sure that ward committees facilitate the naming process in the villages.

KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT (30%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
LOCAL ECONOMIC DEVELOPMENT (LED)	Coordinating LED Forum	4 Quarterly meetings were held in the 2009/10 FY.	4 Meetings are planned for 2010/11 FY.	3 meetings were held during the year.	None	None
	Coordinating LED Portfolio Committee meetings	4 meetings were held in 2009/10 FY.	4 meetings are planned for 2010/11 FY.	4 meetings were held during the year.	None	None
To provide a climate that will reduce unemployment through the promotion of economic development and job creation	Coordinating LED Sub Committees meetings	12 meetings were held in 2009/10 FY.	12 meetings are planned for 2010/11 FY.	5 joint meetings (for the three sub-committees) were held during the year.	None	None
	Creation of employment opportunities	120 job opportunities were created in 2009/10 FY	160 job opportunities to be created	-1170 jobs were created through various EPWP projects -20 Street Cleaning and greening Project -28 Lwamondo water	None	None

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
				Project -54 Sidewalks Malamulele -1187-Greening Projects by the Dept of Roads & Transport.		

KEY PERFORMANCE AREA 4: FINANCIAL VIAIBILITY AND MANAGEMENT (15%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL BUDGET EXPENDITURE	Capital :	R22 204 000.00	R31 700 000.00	R26 587 334.78	It was not achieved due to budget adjustment	
	Operational :	R14 001 289.00	R13 587 727.00	R11 990 814.87		
Budget expenditure		100% of audit queries responded to within ten days.				
AUDIT REPORT	Response for audit queries within ten days of receipt	100% of audit queries responded to within ten days.	All audit queries (100%) that will be received to be responded to within ten days.	All audit queries (7) were responded to within the 3days agreed Senior Management turn-around time.	None	None
Audit queries attended within the timeframe.						

KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	TARGET 2010/2011	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL MANAGEMENT	Number of management meetings Planned	4 management meetings held in 2009/10 FY.	A minimum of 4 management meetings	3 Departmental meetings held during the financial year. on 2 July 2010, 07 October 2010 and June 2011. Informal meetings with my HOD's every week	Although the target of 4 was not reached, the informal meetings held every week addresses any challenge arising from the Divisions.	None
Departmental Management Meetings						
Departmental Staff Meetings	Number of staff meetings Planned	2 Staff meetings held in 2009/10 FY.	At least 2 Staff meetings per FY.	2 Staff meetings were held during 2 July 2010 and 3 December 2010.	None	None
Portfolio Committee Meetings	Number of Portfolio com meetings Planned	10 Portfolio Committee meetings held in 2009/10 FY.	10 Portfolio Committee meetings	5 Portfolio Committee meetings were held during the Financial year.	Portfolio Committee meetings are held to discuss issues and process applications from TPAC committee and during this time there was no need for a meeting as there were no issues to be discussed.	None

(e) TECHNICAL SERVICES DEPARTMENT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL MANAGEMENT	Number of vacant posts filled in the department	No post filled	7 posts to be filled	5 posts filled	HR processes delayed	Strengthening working relationships
Filling of Vacant Post(s) in the Department						
Well trained personnel	Number of officials trained	1 personnel trained	5 personnel to be trained in 2010/11	Target exceeded. 6 trained	None	None
Signing of performance agreement by sec 57 manager	Performance Agreement signed by the Departmental head		<i>Senior Manager for Technical Services to sign PMS</i>	Senior Manager for Technical Services signed Performance Agreement on the 1 st quarter of 2010/11	None	None
Conducting individual manager's PMS Review	Quarterly reports from individual manager (sec 57)		<i>4 Quarter Reviews are to be made</i>	All four Quarterly Reports from the Department were submitted	None	None
Conducting Periodical meetings for the Department	Number of departmental meetings held in 2009/10	10 meetings held	10 Departmental meetings will be held in 2010/11	10 meetings	None	None

KEY PERFORMANCE AREA: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (60%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	ACHIEVEMENTS
PROJECT MANAGEMENT	Projects implemented as per schedule	Four projects were implimented	3 projects to be implemented	Four projects Completed	None	None
To ensure timeouts registrations, appointments of service providers, and monitoring projects implementation to be completed within the specified period.						
Municipal projects: To ensure the appointment of service providers and monitoring of projects implementation to be completed within the specific period.	Projects implemented as per schedule	One municipal project implimented	All municipal projects	Done	None	None

WATER AND SANITATION

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
HOUSE HOLD WATER CONNECTIONS	To meet the demand of the water applications forms	500 x pre-paid meters installed	400 pre-pay water meters to be installed	Target exceeded. 773 Prepay meters installed.	No challenge	Usage of community based labors like EPWP to expedite the installation (Kha ri shumisane approach)
To connect water connections that have applied						
WATER MAINTENANCE	No leaks are occurring. No complaints from the communities.	20 000x water pipes and meters mantained	Depending on reports that'll be received	4 034 reports received and attended	<ul style="list-style-type: none"> Frequent bursts of asbestos pipes (Makwarela, P.east and west, Shayandima, Sibasa) Poor reporting from communities on any leaks. No updated as-built-drawings. Control valves either not working or wrongly placed. No sufficient water supply. Opening of prepaid valves Illegal connections 	District informed about all these. We have since wait for their response.
To attend all water burst ages, leaks and doing all the preventative maintenance.						

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SEWER CONNECTIONS						
To connect all sewer applications	No outstanding applications	10 x sewer connected attended to.	Depending on requests received	95 connections done	Most areas do not have sewer reticulations (demarcated areas)	District informed through 2010/11IDP
SEWER MAINTENANCE	No more blockages, No complaints from the communities	1500 x sewer blockages were attended to	Depending on reports received	1 176 sewer blockage reported and attended to	<ul style="list-style-type: none"> In Malamulele town, bulk sewer pipes are made of small pipes that resulted in frequent blockages. Manholes damages by heavy trucks and graders. 	Upgrading of sewer reticulation of Malamulele town.
To attend all sewer blockages						

WATER AND SANITATION

OBJECTIVES	KEY PERFORMANCE	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
	INDICATORS			ACHIEVEMENTS	CHALLENGES	INTERVENTION
CONSTRUCTION OF VIP LATRINES BY DISTRICT (VDM)	Attend all sanitation meetings and checking of all financial matters and commissioning to ensure the proper construction of 5 000 households with VIP latrines	8000 x vip toilets were built and all meetings were attended	6 000 VIP toilets to be built in 2010/2011 financial year and all projects meetings will be attended to.	5 600 VIP units completed	Late appointment of service providers by districts, Bricks supplier failed to meet the demand of the recommended type of bricks, rain and Inaccessible households or villages	District needs to expedite the appointments of service providers at the beginning of financial year.
Provision of basic service to communities for sanitation as per national guidelines and targets						
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
IMPLEMENTATION OF WATER PROJECTS BY DISTRICT (VDM)	Attend all site meetings, financial control and quality for all water projects.	Six water projects attended and all meetings attended	9 water projects to be implemented to completion and all projects related matters attended to.	4 completed (Mukoma-a-sina nndu, Unit D Extension, Sambandou and Gateway Water	Heavy rains, incompetency by appointed contractors and Power supply delay by Eskom	Appointment of competent contractors and consultants by VDM
Provision of basic services to communities for water as per national guidelines and targets						

BUILDINGS AND ELECTRICITY

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
PHP HOUSES	All Allocated unit complete	Php houses discontinued	N/A	36 housing units completed	Insufficient Housing units allocated by the DLGH	
To build all allocated unit within this financial Year.						
MUNICIPAL BUILDING MAINTENANCE	Well maintained building	Seven buildings were attended to	To attend all reported problems and keep all buildings in good condition.	11 reports attended	Understaffed	Employ more competent staff or use community staff through EPWP approach.
To attend all reported cases						
PARTNERSHIP ELECTRIFICATION	Electrified house hold	4000x households and houses were electrified	4 000	13 372 households electrified	Working relations with Eskom	Licence
To electricity all qualified villages						
FBE AND SOLAR VISION	To give all qualified application of FBE	1655x received FBE	20 000	5 950 received FBE	Low submissions of the indigent forms	Encouragement of communities by the ward councilors and CDWs
To allow access to all indigent households						
ROBOT AND STREETS LIGHT	Well-functioning	10x traffic lights maintained	All	390 cases reported and attended.	Some street lights are too high to be attended without proper vehicles.Vehicles frequently hit robots.Staff shortage.	Suitable vehicle must be purchased. Culprits of robot hitting must be fined. Need to employ more staff
Attend all report cases						

ROADS AND STORMWATER

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To Upgrade 10.9 km of gravel roads to a surfaced standards by 30 June 2011.	To complete 10.9km surfaced streets	15.4km of roads were surfaced.	Completion of 10.9 km projects and starting to completion of 3 new surfaced roads of 10,3Km	10, 9 km of tarred roads completed. Saselamane, Tshikweta-Lufule and Maniini Phase ii.	Inaccessibility of borrow pits	Municipality must own its borrow pits through negotiation with relevant chiefs
To construct 40 km of gravel streets by 30 June 2011.	339.2km of cambered graveled street	35km graveled	To construct 40 km of gravel by June 2011	39,2km graveled	Shortage of machinery. Problem with accessibility of borrow pits	More graders must be purchased
To blade five streets per village in 38 wards by 30 June 2011	9.1km of Potholes free were attended during dry seasons within four	Four streets per village in each ward were bladed	To blade streets in 38 wards	1 530x streets were bladed	High demand of blading roads to graveyards.	To be addressed through ward councilors
To repair Potholes within the programmed residential and towns by 30 June 2011	streets	Potholes were attended during dry seasons within four	To construct major rehab 9,1km	9,1km major rehabilitation completed	Streets are developing more pot holes than we can cope with. Some streets are too old.	Major rehabilitation is assisting in reducing potholes.
To repair & maintain all reported repairs and breakdowns	189x Smooth running fleet	123 reports were attended to.	189 major cases were reported	189 major cases were reported	Shortage of skilled staff	Employ more qualified mechanics.

KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT (10%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Employment opportunities	Total Number of job created % jobs created for youth, women and disabled people Number of training opportunities created through EPWP	102 jobs created 41% jobs were created for youths, woman and disable	250 60% of Jobs will be created for youth, women and disabled people 20 Number of training opportunities to be created through EPWP	2 345 jobs created, mainly through sanitation VIP construction. 40 health workers trained through sanitation	none	None
ELECTRICITY	Total Number of jobs created	180 jobs created	900	1 900 jobs created	none	None
Employment opportunities	% of jobs created for youth, women and disabled people		% of jobs created for youth, women and disabled people			
ROADS AND STORM WATER	Total Number of job created	1700 jobs created	Total Number of job to be created	1 841 jobs created	none	None
Job creation	% of jobs created for youth, women and disabled people		3 529 % of jobs to be created for youth, women and disabled people			

KEY PERFORMANCE AREA 4: FINANCIAL VIAIBILITY AND MANAGEMENT (10%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	2010/11 ANNUAL TARGET	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL	R135, 415,071-00 (operational) R35,204,000-00 (capital)		R170, 619,071-00			
BUDGET EXPENDITURE						
Budget to be spent						

KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (10%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	ANNUAL TARGET (2010/11)	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
To avoid any risk occurrence	100% of Risk Management Implementation Plan target achieved		100% of Risk Management Implementation Plan target achieved			

(f) COMMUNITY SERVICES DEPARTMENT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (10%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
DEPARTMENTAL MANAGEMENT:				9	Budget constraints	Budgeted for 2011/12 FY
Filling of Vacant Post(s) in the Department	Number of vacant posts filled in the department		53 New Posts are Planned to be Filled			
Well trained Personnel	Number of Officials Trained		150 Personnel are to be Trained	189	None	None
Signing of Performance Agreement by Sec 57 Manager	Performance Agreement Signed by the Departmental Head		1 Senior Manager for Community Services Will Sign the Performance Agreement	1 PMS Signed	None	None
Conducting individual manager's PMS Review	Quarterly reports from individual manager (sec 57)		4 Quarter Reports to be available	4 th Quarter available	Actual Expenditure Report	Requested the budget to finalize the expenditure report
Conducting Periodical Meetings for the Department	Number of Departmental Meetings held in 2009/10		12 Departmental Meetings are Planned	13	None	None

KEY PERFORMANCE AREA 2: SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT (60%)

WASTE MANAGEMENT

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To Construct 2x Cells to be Constructed		2 x Cells New Cells are to be Constructed	1x cell constructed at Thohoyandou	Budget cuts	Budgeted for 2011/12 FY
Landfill sites To Maintain and Operate Thohoyandou and Malamulele Landfills						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	A clean healthy environment		All wards	Pollution free environment	None	None
Pollution Control To provide a clean and healthy environment.						
SERVICE DELIVERY AND INFRASTRUCTURE	Collection of refuse		All wards	Refuse collected to all wards	None	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Collection and		Collection of refuse removal at transfer stations	Refuse collected at Mhinga ville, Xikundu, Saselamani and Tswinga	None	None

Thulamela Food For Waste Programme To collect refuse from Tswinga, Xikundu, Mhingaville and Saselamani areas	removal of refuse.		Collection of refuse at Tswinga Mhingaville Xikundu Saselamani to be made			
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Environmental Campaigns To educate all communities on environmental issues.	Well informed community on environmental matters.		All wards	Environmental Education to all wards	None	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Occupational Health and Safety To make sure that all Working Environment Safe and Clean	A safe working environment.		A safe working Environment to all wards	All facilities inspected for OHS Compliance	None	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT						

Environmental Impact Assessment To make sure that EIA are done to all projects undertaken by the Municipality.	Compliance with EIA Regulation in all municipal Capital Projects		Provide EIA to all Capital Projects	EIA done to all Capital Projects	Lack of borrow pits	Liaising with traditional leaders for borrow pits
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SPORTS, ARTS AND RECREATION

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Upgrading Tshikombani Stadium	Upgraded Septic Tank		Septic Tank to be Constructed at Tshikombani Sports Facility	Upgraded septic tank	none	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Provision of basic Sports Facility Merwe Sports Field	Basic Sports Facility		Provision of Sports Facility at Merwe	Sport facility completed	none	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Installed Air Conditioners			Installing Air Conditioners at the Indoor Sports Centre	Not done	Affected by budget adjustment	Requested the building section to budget for 2011/2012 FY

Installation of Air Conditioners Indoor Sport Centre						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Provision of Basic Sports Facility.		Provision of Sports Mdabula Sports Facility	Sport facility completed	None	None
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Provision of Basic Sports Facility		Provision of Sports Facility	Sport facility completed	none	None
Provision of basic Sports Facility Tshifudi Sports Facilities						
OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Provide one basic sport facility at Makhuvha	Provision of one basic sport facility		Provision of one basic sport facility	30% completed	Delay because of non-performance of contractors	New contractors appointed
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Well Maintained Facility.		Maintained plan to be done in 2010/11 at Makwarela Hall	The facility was painted	none	none
Maintenance Makwarela Hall						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Installed Air Conditioners		Air conditioner s to be installed at Arts & Culture Centre			
To Install Air Conditioners Arts and Culture Centre						
SERVICE DELIVERY AND	One Library		Construction of a Library in	Library completed	Provision of chairs at	Budgeted for

INFRASTRUCTURE DEVELOPMENT	Upgrade		Thohoyandou		auditorium	2011/2012 FY
Construction Thohoyandou Library						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Proper Facilities.		Upgrade of Gondenani & Makonde Stadium	Not done	Affected by budget adjustment	Budgeted for in 2011/2012FY
To Upgrade the Facilities Gondenani and Makonde Stadium.						

PARKS AND CEMETERIES

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	All 9 Stadia to be ready for Use by members of public		All 9 Stadia to be cleaned & ready for use throughout	Ready to use facilities	None	None
To Keep all Areas Clean at all Times						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Well Maintain Parks and Gardens		Maintenance of all two main municipal parks	100%	none	None
To Maintain all two main Parks and Gardens.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Enough graves at Thohoyandou ,Malamulele and Shayandima		All Requests to be received will be processed and	All requests for grave digging attended	none	none

To Maintain and Provide Graves	Cemeteries		Implemented			
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SPECIAL PROGRAMMES

HIV/AIDS, YOUTH AND CHILDREN

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Campaigns for Respect for Children's Rights		All wards	100%	None	None
To ensure that Children's Rights are protected and free from abuse.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Capacitated Youth		All wards	100%	None	None
To ensure that youth are capacitated and encouraged to participate in development issues.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Reduction on infection level and mortality rate		All wards	100%	None	None
To raise awareness on the effects of HIV/AIDS especially to the Youth. To reduce the Level of Infection.						

SPECIAL PROGRAMMES

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Compile Disability Policies		All Wards	100%	None	None
To Co-ordinate Disability Programmes.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Capacitated People on Gender Issues through trainings/meetings/ workshops		All Wards	100%	None	None
To Ensure that Gender Issues are Considered.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Protection of the Elderly.		All wards	100%	None	None
To Co-ordinate all Issues Affecting the Elderly People.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Provision of relief to all affected people		All affected people to be provided with relief within 72hrs	Relief provided to all people within 72hrs	None	None
To provide disaster relief within 72 hours after the incident.						

LAW ENFORCEMENT AND PUBLIC SAFETY

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Reduction in number of accidents focus on campaigns.		800 awareness campaigns	500 awareness campaign	Lack of staff	New posts advertised
To promote Traffic Safety and Law enforcement						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Secure council facilities		23 facilities	Secured 24 facilities	Adoption of a permanent security model	Absorption of current security staff
To provide security to all council facilities.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Reduction in number of offences.		25000 Summons to be issued in 2010/11	18401	Failure to replace officers In time	New officers being recruited
To issue summons to all offenders						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Increase in collection.		R2, 000, 000 to be collected in 2010/11	R3 519 515.00	None	None
To collect all traffic revenue						

REGISTRATION & LICENSING

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Number of Learners License Issued		10 000 L/L to be Issued	965 new L/L issued	Lack of personnel	New staff being recruited
To Issue Learners License.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Increased Revenue Collection on Vehicle Registration & Licensing		R6 M	R6,775, 147-91	NONE	NONE
To Maximize Collection of Revenue on Registration & Licensing						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Issuing of Drivers Licenses.		8 000 Drivers Licenses	4 600	Lack of personnel	Recruitment of new personnel
To Issue Driver's License.						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Issuing of Road Worthy Certificates		1 000 R/W Certificates to be Issued in 2010/11			
To Issue Road Worthy Certificate						
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Number of Instructor Certificates to be Issued		12 Certificates to be Issued in 2010/11	13	Lack of personnel	To be appointed in 2011/2012 FY
To Issue Instructor Certificate						

SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Increase in Revenue Collection.		What was the Annual Target		None	None	
To Maximize Collection of Revenue							

KPA 3: LOCAL ECONOMIC DEVELOPMENT (LED) (10%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
LOCAL ECONOMIC DEVELOPMENT(LED)	EPWP PROJECT:		200 Jobs to be Created	200 Jobs created	None	None
TO CREATE JOBS	Number of Jobs Created S					
	CLEANING and GREENING PROJECT:		433 Jobs to be Created in 2010/11	455 jobs created	None	None
	Number of jobs to be created					

KEY PERFORMANCE AREA 4: FINANCIAL VIAILITY AND MANAGEMENT (10%)

OBJECTIVES	KEY PERFORMANCE INDICATORS	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENTS	CHALLENGES	INTERVENTION
Departmental Budget Expenditure	R84,117,178 to be Spent in the Department		R84,117,178 Departmental Budget Expenditure Estimates	Not available	Not available	Requested Finance Department to make it available
Budget Spent						

KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (15%)

OBJECTIVE	KEY PERFORMANCE INDICATOR	2009/10 BASELINE	ANNUAL TARGET 2010/11	PROGRESS / STATUS OF ACTIVITIES		
				ACHIEVEMENT	CHALLENGES	INTERVENTION
To avoid any risk occurrence	% of risk implementation target achieved in Environmental and Waste Management		100%	100%	NONE	NONE

CHAPTER 3: HUMAN RESOURCE AND ORGANIZATIONAL MANAGEMENT

3.1 SKILLSDEVELOPMENT

The Workplace Skills Plan (WSP) and the Annual Training Report (ATR) is developed every year in LGSEATA reporting template. This is submitted to LGSETA on or before the 30th of June every year. The municipality complies with the Skills Development Act, 97 of 1998 and Skills Development Levy's Act of 1999.

SKILLS DEVELOPMENT : 2010/11

WSP and ATR for 2010/2011 were submitted before the due date. 80 officials were trained in Skills Development programme and 24 employees were trained through ABET. The Municipality participated in ETDp-SETA, Development practice learner ship, 23 people with disabilities are still participating. The programme commenced in January 2011. 03 unemployed youths also participated in DBSA internship which began in January 2011. Both learners received stipends on monthly basis for twelve months.



PLEASE READ THIS FIRST

PURPOSE OF THIS FORM

This form enables employers to comply with Section 21 of the Employment Equity Act 55 of 1998.

This form contains the format for employment equity reporting by employers to the Department of Labour. Both small employers (i.e. employers employing fewer than 150 employees) and large employers (i.e. employers employing 150 or more employees) are required to use this form. Those employers who are not designated, but wish to voluntarily comply, must also use this reporting form.

Although all sections of this form apply to large employers, only certain sections of this form should be completed by small employers. Employers who report for the first time are not required to complete the progress report section of this form.

WHO SHOULD COMPLETE THIS FORM?

All designated employers that have to submit a report in terms of the Employment Equity Act, 55 of 1998. Employers who wish to voluntarily comply with the reporting requirements of the Act are also required to complete this form.

WHEN SHOULD EMPLOYERS REPORT?

- Large employers must submit their first report within six months of being designated, and thereafter annually on the first working day of October; and
- Small employers must submit their first report within twelve months of being designated, and thereafter on the first working day of October of every year that ends with an even number.

ESSENTIAL REQUIREMENTS

Large employers, i.e. employers with 150 and more employees, must complete the entire EEA2 reporting form. Small employers, i.e. employers with fewer than 150 employees, must only complete areas of the EEA2 form that apply to them. Large employers, i.e. employers with 150 and more employees, must complete the entire EEA2 reporting form. Small employers, i.e. employers with fewer than 150 employees, must only complete areas of the EEA2 form that apply to them. All relevant areas of the form must be fully and accurately completed by employers. Designated employers who fail to observe this provision will be deemed not to have reported. Guidance to overcome difficulties on how to complete the form properly must be obtained from the Department prior to completing and submitting the report.

SEND TO:

Employment Equity Registry
The Department of Labour
Private Bag X117
Pretoria 0001
Telephone: 012 3094000
Facsimile: 012 3094737 / 3094188
e-mail: ee@labour.gov.za

SECTION A: EMPLOYER DETAILS

Trade name	THULAMELA MUNICIPALITY
DTI registration name	
DTI registration number	
PAYE/SARS number	7780727329
UIF reference number	4780727329
EE reference number	14791
Seta classification	LOCAL GOVERNMENT, WATER & RELATED SERVICES SECTOR
Industry/Sector	COMMUNITY, SOCIAL AND PERSONAL SERVICES
Telephone number	0159627500
Fax number	0159624020
Email address	mhingatc@thulamela.gov.za
Postal address	PRIVATE BAG X 5066 THOHAYANDOU THOHAYANDOU
City/Town	PIETERSBURG
Postal code	0950
Province	LIMPOPO
Physical address	OLD AGRIVEN BUILDING THOHAYANDOU
City/Town	PIETERSBURG
Postal code	0950
Province	LIMPOPO
Details of CEC at the time of submitting this report	
Name and surname	MAKONDELELE HELTON MATHIVHA
Telephone number	0159627588
Fax number	0159625328
Email address	mathivhamh@thulamela.gov.za
Details of Employment Equity Manager at the time of submitting this report	
Name and surname	TSAKANI CHARLOTTE NGOBENI
Telephone number	0159627593
Fax number	0159624020
Email address	ngobenitc@thulamela.gov.za
Information about the organization at the time of submitting this report	
Business type	Local Government
Number of employees in the organization	150 or more
Is your organization an organ of State?	Yes
Is your organisation part of a group / holding company? If yes, please provide the name.	No
Date of submitting this report:	22/11/2011

Please indicate below the period the report covers (in the case of large employers the preceding twelve months and for small employers twenty-four months, except for first time reporting where the period may be shorter):

From (date): 01/10/2010

To (date): 30/09/2011

Please indicate below the duration of your current employment equity plan:

From (date): 01/10/2011

To (date): 30/09/2016

PLEASE READ THIS FIRST

- a. The method of reporting should remain for the period of the plan, and must be consistent from reporting period to reporting period.
- b. Employers must refrain from leaving blank spaces or using a dash (-) when referring to the value "0" (Zero) or the word "No". All relevant areas of the form must be fully and accurately completed by employers. Designated employers who fail to observe this provision will be deemed not to have reported.
- c. "Temporary employees" mean workers who are employed to work for three consecutive months or less.
- d. The Numerical goal is the workforce profile the employer projects to achieve at the end of the employer's current employment equity plan (EE Plan). The numerical goals of the employer must be the same for the entire duration of the EE Plan.
- e. The Numerical target is the workforce profile the employer projects to achieve by the end of the next reporting period.
- f. Large employers, i.e. employers with 150 and more employees, must complete the entire EEA2 reporting form. Small employers, i.e. employers with fewer than 150 employees, must only complete areas of the EEA2 form that apply to them. Areas that only apply to small employers shall be made available by the Department of Labour in a separate form as well.
- g. The alphabets "A", "C", "I", "W", "M" and "F" used in the tables have the following corresponding meanings and must be interpreted as "Africans", "Coloureds", "Indians", "Whites", "Males" and "Females" respectively.

SECTION B: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS**1. Occupational levels**

1.1 Please report the **total number of employees** (including employees with disabilities) in each of the following **occupational levels**: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	20	0	0	0	5	0	0	0	0	0	25
Professionally qualified and experienced specialists and mid-management	25	0	0	0	12	0	0	0	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	60	0	0	0	47	0	0	0	0	0	107
Semi-skilled and discretionary decision making	118	0	0	0	67	0	0	0	0	0	185
Unskilled and defined decision making	65	0	0	0	130	0	0	0	0	0	195
TOTAL PERMANENT	289	0	0	0	261	0	0	0	0	0	550
Temporary employees	96	0	0	0	70	0	0	0	0	0	166
GRAND TOTAL	385	0	0	0	331	0	0	0	0	0	716

1.2 Please report the total number of **employees with disabilities** in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	0	0	2
Unskilled and defined decision making	1	0	0	0	2	0	0	0	0	0	3
TOTAL PERMANENT	1	0	0	0	4	0	0	0	0	0	5
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	1	0	0	0	4	0	0	0	0	0	5

2. Core operation functions and Support functions by occupational level

A job could either be a **Core operation** function or a **Support** function. **Core operation Function** positions are those that directly relate to the core business of an organization and may lead to revenue generation e.g. sales production, etc. **Support Function** positions provide infrastructure and other enabling conditions for revenue generation e.g. human resources corporate services etc.

2.1 Please indicate the total number of employees (including people with disabilities), that are involved in **/Core Operational Function** positions at each level in your organization. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	13	0	0	0	1	0	0	0	0	0	14
Professionally qualified and experienced specialists and mid-management	14	0	0	0	1	0	0	0	0	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	50	0	0	0	25	0	0	0	0	0	75
Semi-skilled and discretionary decision making	105	0	0	0	56	0	0	0	0	0	161
Unskilled and defined decision making	55	0	0	0	122	0	0	0	0	0	177
TOTAL PERMANENT	237	0	0	0	205	0	0	0	0	0	442
Temporary employees	9	0	0	0	35	0	0	0	0	0	44
GRAND TOTAL	246	0	0	0	240	0	0	0	0	0	486

2.2 Please indicate the total number of employees (including people with disabilities), that are involved in **Support Function** positions at each level in your organization. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	7	0	0	0	4	0	0	0	0	0	11
Professionally qualified and experienced specialists and mid-management	11	0	0	0	11	0	0	0	0	0	22
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	0	0	0	22	0	0	0	0	0	32
Semi-skilled and discretionary decision making	13	0	0	0	11	0	0	0	0	0	24
Unskilled and defined decision making	10	0	0	0	8	0	0	0	0	0	18
TOTAL PERMANENT	52	0	0	0	56	0	0	0	0	0	108
Temporary employees	87	0	0	0	35	0	0	0	0	0	122
GRAND TOTAL	139	0	0	0	91	0	0	0	0	0	230

SECTION C: WORKFORCE MOVEMENT**3. Recruitment**

3.1 Please report the total number of new recruits, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	8	0	0	0	2	0	0	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	14	0	0	0	13	0	0	0	0	0	27
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	24	0	0	0	15	0	0	0	0	0	39
Temporary employees	9	0	0	0	35	0	0	0	0	0	44
GRAND TOTAL	33	0	0	0	50	0	0	0	0	0	83

4. Promotion

4.1 Please report the total number of promotions into each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	0	0	0	2	0	0	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	4	0	0	0	4	0	0	0	0	0	8
Temporary employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	4	0	0	0	5	0	0	0	0	0	9

5. Termination

5.1 Please report the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	1	0	0	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	0	0	1
Unskilled and defined decision making	6	0	0	0	2	0	0	0	0	0	8
TOTAL PERMANENT	9	0	0	0	5	0	0	0	0	0	14
Temporary employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	9	0	0	0	6	0	0	0	0	0	15

5.2 Please report the total number of terminations, including people with disabilities, in each termination category below. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Terminations	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Resignation	3	0	0	0	2	0	0	0	0	0	5
Non-Renewal Of Contract	0	0	0	0	0	0	0	0	0	0	0
Dismissal - Operational Requirements(Retrenchment)	0	0	0	0	0	0	0	0	0	0	0
Dismissal - Misconduct	0	0	0	0	0	0	0	0	0	0	0
Dismissal - Incapacity	0	0	0	0	0	0	0	0	0	0	0
Retirement	3	0	0	0	2	0	0	0	0	0	5
Death	3	0	0	0	2	0	0	0	0	0	5
TOTAL	9	0	0	0	6	0	0	0	0	0	15

SECTION D: SKILLS DEVELOPMENT**6. Skills Development**

6.1 Please report the total number of people from the designated groups, including people with disabilities, who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	33	0	0	0	18	0	0	0	51
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	22	0	0	0	24	0	0	0	46
Semi-skilled and discretionary decision making	23	0	0	0	16	0	0	0	39
Unskilled and defined decision making	11	0	0	0	13	0	0	0	24
TOTAL PERMANENT	89	0	0	0	71	0	0	0	160
Temporary employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	89	0	0	0	71	0	0	0	160

6.2 Please report the total number of **people with disabilities** only who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	0	0	0	0	0	0	0	0	0

SECTION E: NUMERICAL GOALS & TARGETS**7. Numerical Goals**

7.1 Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of your current employment equity plan in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	21	0	0	0	6	0	0	0	0	0	27
Professionally qualified and experienced specialists and mid-management	31	0	0	0	21	0	0	0	0	0	52
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	70	0	0	0	63	0	0	0	0	0	133
Semi-skilled and discretionary decision making	125	0	0	0	74	0	0	0	0	0	199
Unskilled and defined decision making	65	0	0	0	130	0	0	0	0	0	195
TOTAL PERMANENT	313	0	0	0	294	0	0	0	0	0	607
Temporary employees	121	0	0	0	95	0	0	0	0	0	216
GRAND TOTAL	434	0	0	0	389	0	0	0	0	0	823

7.2 Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of your current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	3	0	0	0	2	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	3	0	0	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	0	0	2
Unskilled and defined decision making	1	0	0	0	2	0	0	0	0	0	3
TOTAL PERMANENT	6	0	0	0	9	0	0	0	0	0	15
Temporary employees	1	0	0	0	2	0	0	0	0	0	3
GRAND TOTAL	7	0	0	0	11	0	0	0	0	0	18

8. Numerical Targets

8.1 Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of the next reporting in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	1	0	0	0	0	0	3
Senior management	21	0	0	0	5	0	0	0	0	0	26
Professionally qualified and experienced specialists and mid-management	31	0	0	0	21	0	0	0	0	0	52
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	64	0	0	0	52	0	0	0	0	0	116
Semi-skilled and discretionary decision making	125	0	0	0	72	0	0	0	0	0	197
Unskilled and defined decision making	65	0	0	0	130	0	0	0	0	0	195
TOTAL PERMANENT	308	0	0	0	281	0	0	0	0	0	589
Temporary employees	100	0	0	0	74	0	0	0	0	0	174
GRAND TOTAL	408	0	0	0	355	0	0	0	0	0	763

8.2 Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of the next reporting period in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	1	0	0	0	0	0	2
Semi-skilled and discretionary decision making	1	0	0	0	3	0	0	0	0	0	4
Unskilled and defined decision making	1	0	0	0	2	0	0	0	0	0	3
TOTAL PERMANENT	5	0	0	0	7	0	0	0	0	0	12
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	5	0	0	0	7	0	0	0	0	0	12

SECTION F: MONITORING & EVALUATION (This section is not applicable to small employers)**9. Disciplinary Action**

9.1 Disciplinary action: (report the total number of disciplinary actions during the twelve months preceding this report). Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Disciplinary Action	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	1	0	0	0	0	0	0	0	0	0	

10. Awareness of Employment Equity

10.1 Please indicate which of the following awareness measures were implemented by your organization:

	Yes	No	No. of Employees Covered
Formal written communication		No	0
Policy statement includes reference to employment equity		No	0
Summary of the Act displayed	Yes		716
Employment Equity training	Yes		15
Diversity Management Programmes		No	0
Discrimination awareness programmes		No	0

11. Consultation

11.1 Please indicate which stakeholders were involved in the consultation process prior to the development of your employment equity plan:

	Yes	No
Consultative body or employment equity forum	Yes	
Registered trade union (s)	Yes	
Employees	Yes	

12. Barriers and affirmative action measures

12.1 Please indicate in which categories of employment policy or practice barriers to employment equity were identified. If your answer is 'Yes' to barriers in any of the categories, please indicate whether you have developed affirmative action measures and the timeframes to overcome them.

Categories	Barriers	Affirmative Action Measures	Timeframe for Implementation of AA Measures	
			Start Date (DD/MM/YYYY)	End Date (DD/MM/YYYY)
Recruitment Procedures	Yes	Yes	01/07/2011	30/11/2011
Advertising Positions	Yes	Yes	02/05/2011	30/06/2011
Selection criteria	Yes	Yes	15/06/2011	27/06/2011
Appointments	Yes	Yes	01/07/2011	04/07/2011
Job classification and grading	Yes	Yes	11/07/2011	15/07/2011
Remuneration and benefits	Yes	Yes	01/07/2011	29/07/2011
Terms and conditions of employment	Yes	Yes	01/07/2011	29/07/2011
Job assignments	No	No		
Work environment and facilities	No	No		
training and development	Yes	Yes	01/08/2011	31/08/2011
Performance and evaluation systems	No	No		
Promotions	No	No		
transfers	No	No		
Succession and experience planning	No	No		
Disciplinary measures	No	No		
Dismissals	No	No		
Retention of designated groups	No	No		
Corporate culture	No	No		
Reasonable accommodation	No	No		
HIV and AIDS education and prevention programmes	Yes	Yes	01/05/2011	30/09/2011
Appointed senior manager(s) to manage EE implementation	No	No		
Budget allocation in support of employment equity goals	No	No		
Time off for employment equity consultative committee to meet	No	No		

13. Monitoring and evaluation of implementation:

13.1 How regularly do you monitor progress on the implementation of the employment equity plan? Please choose one.

Weekly	Monthly	Quarterly	Yearly
			Yearly

13.2 Did you achieve the annual objectives as set out in your employment equity plan for this period?

Yes	No	Please explain
	No	Due to some financial constraints and competitive salary.

SECTION G: Signature of the Chief Executive Officer

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3.5. Statistics of Staff Members in Terms of the following:

CATEGORY	NUMBER OF PEOPLE	DATE
New Appointments	49	2010 July – 2011 June
Retirement	04	2010 July -20 June
Death	07	2010 July – 2011 June
Resignation	03	2010 July – 2011 June
Suspension	N/A	
Reinstatement	N/A	
Expulsion	N/A	

3.6. LIABILITIES (INJURY ON DUTY: 2010/11)

05 employees were injured on duty during 2010/2011 financial year.

3.7. PENSION

NAMES OF PENSION FUNDS	NUMBER OF MEMBERS	EMPLOYER CONTRIBUTIONS
MEPF	253	R511 919-36
MOMENTUM	172	R607 780-72
MGF	107	R221 717-00
NATIONAL FUND	12	R70 141-68
MCPF	74	R160 786-72

3.8. PENSION FUNDS FOR COUNCILLORS : 2010/11FY

Municipal council pension fund.

3.9. MEDICAL AID FUNDS

NAMES OF MEDICAL AID FUNDS	NUMBER OF MEMBERS	EMPLOYER CONTRIBUTION
BONITAS	58	R77 862-00
SAMWUMED	38	R35 233-80
HOSMED	15	R29 888-40
KEY HEALTH	03	R5 887-80

3.10 ARREARS OWED TO MUNICIPALITY

Monthly service charges are deducted from staff & Councilors salaries; therefore there are no arrear accounts at 30 June 2011.

3.11 TRENDS ON PERSONNEL EXPENDITURE

2008/09

BUDGET	ACTUAL	VARIANCE (if any)	REASONS FOR VARIANCE
R102, 401,198	R108,561, 548	(6,160,350)	Less Budget

2009/10

BUDGET	ACTUAL	VARIANCE (if any)	REASONS FOR VARIANCE
R130,682,032	R120,432,191	R10,249,841	Over Budgeted

2010/11

BUDGET	ACTUAL	REASONS FOR VARIANCE
R168,782,950	R104,263,862	(R64,519,088) over budgeted

3.12 2010/11 TRAININGS

	QUALIFICATION TITLE/COURSE NAME	SKILLS PRIORITY AREA	TARGETED EMPLOYMENT/CATEGORY
1	Town Planning	Project Management/Planning	Directors and Corporate
2	GIS	Project Management/Planning	Professionals
3	ELMDP	Management/Leadership	Clerical & Administrative
4	Deeds Registration	Project Management/Planning	Professionals
5	Labour Intensive	Administration	Labourers
6	Project Management	Project Management/Planning	Clerical & Administrative

7	Public Administration	Administration	Clerical & Administrative
8	Real Estate	Project Management/Planning	Clerical & Administrative
9	LED	Project Management/Planning	Clerical & Administrative
10	Councillor Induction Programme	Social/community/economic development & planning	councillors
11	Ward Committee Induction Programme	Social/community/economic development & planning	Ward committee members
12	CPMD	Financial	Managers & middle managers
13	MFMA	Financial	Managers and middle managers
14	National Certificate in Municipal Governance	Management/Leadership	Clerical & Administrative
15	Councillor Practice and Councillor Training	Administration	councilors
16	Technical Training Programme	Administration	technicians
17	Monitoring and coaching	Administration	Managers
18	Monitoring and Evaluation	Administration	Managers
19	Traditional Leadership Training	Life Skills	Traditional leaders
20	CT Training	Administration	Clerical and administrative
21	Computer Literacy	Computer Literacy	Clerical
22	SAMDI courses on the implementation of SCM	Administration	Supply chain managers
23	Policy	Financial	Clerical & Administrative
24	Extensive Training on effective Bid Committee	Financial	Clerical & Administrative
25	System	Financial	Directors & Corporate
26	Assets related grap statements	Financial	Clerical & Administrative
27	Inventories related grap statements	Financial	Clerical & Administrative
28	Warehouse management	Financial	Clerical & Administrative
29	Assets and inventories disclosure on AFS	Financial	Clerical & Administrative
30	SCM Policy drafting Training	Financial	Clerical & Administrative
31	Finance skills plan per municipal compliancy	Financial	Clerical & Administrative
32	Level Reculation	Financial	Clerical & Administrative
33	Customer Service	Social/community/economic development & planning	Clerical & Administrative
34	Examiners of Driving License and Examiner of vehicles	Specialists technical	Clerical and adminstrative

35	Accident Response	Life skills	Clerical & administrative
36	Computer literacy	Administration	Clerical & administrative
37	Public Transportation	Life skills	Clerical & administrative
38	Advance Driving	Life skills	Clerical & administrative
39	Refresher course (section 56 summon)	Life skills	Clerical & administrative
40	Drug and Alcohol detection	Life skills	Clerical & administrative
41	Fire fighter and first aid	Administration	Clerical & administrative
42	Training needs for low admin		
43	Refresher course on traffman system	Life skills	Clerical & administrative
44	Computer literacy	Computer literacy	Clerical & administrative
45	Environmental Management system	Administration	Clerical & administrative
46	Occupational Health and safety law	Administration	Clerical & administrative
47	Integrated Waste Management	Administration	Clerical & administrative
48	Supervision Course	administration	Clerical & administrative
49	Environmental Impact assessment	administration	Clerical & administrative
50	Waste management	administration	Clerical & administrative

CHAPTER 4: AUDIT FINANCIAL STATEMENTS AND RELATED INFORMATION

4.1 REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON THULAMELA MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Thulamela municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 76-83

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment (PPE)

7. The infrastructure assets balance of R383 589 016 as disclosed in note 30 to the financial statements does not reconcile to the underlying records balance of R325 107 278. The municipality could not provide supporting documentation for the difference of R58 481 738 between the financial statements and the accounting records. Due to the nature of the municipality's accounting records keeping, I could not obtain sufficient appropriate audit evidence as to the existence, valuation, completeness and accuracy of the infrastructure asset balance and the related accumulated depreciation and depreciation balances as disclosed in the financial statements.
8. The municipality reviewed the residual values and useful lives of immovable and movable assets at the reporting date as required by the Standard of Generally Recognised Accounting Practice, GRAP 17. However, in reviewing the residual values of PPE, the municipality re-measured the assets on replacement cost, instead of depreciated replacement cost. Furthermore, the useful lives disclosed in the accounting policies do not accurately reflect the useful lives used by the municipality to calculate depreciation in the financial statements. The effect on PPE, accumulated depreciation and depreciation could not be determined.
9. There are a significant number of items included in the furniture and equipment balance of R5 827 665 in the financial statements that I could not physically verify. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation and allocation of and rights pertaining to furniture and equipment.
10. As disclosed in note 30 to the financial statements, the opening balance of PPE amounts to R788 254 080. However, the closing balance of the 2009-10 audited financial statements amounts to R647 815 443. The entity could not provide an explanation or supporting documentation for the difference R140 438 637. Consequently, I did not obtain sufficient appropriate audit evidence as to the existence, valuation, completeness and accuracy of the PPE balance and the related accumulated depreciation and depreciation balances as disclosed in the financial statements.

Accumulated surplus

11. The statement of changes in net assets includes corrections of prior year errors amounting to R158 464 635 which were processed against the accumulated surplus balance of R907 579 330 (2010: R874 262 800). My audit of the statement changes in net assets relating to these prior year errors revealed the following:
- A correction of R2 527 631 was made to accumulated surplus regarding the provision for long service awards, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy, completeness, occurrence and obligation pertaining to the correction.
 - The basis for the split in the statement of changes in net assets relating to corrections of prior year errors between the prior year of R8 145 805 (by adjusting the prior year's income statement) and the periods before the prior year of R150 318 828 (by adjusting the prior year's opening accumulated surplus) could not be established.
 - With reference to paragraph 7 to 10 of this report and the above errors identified, I could not establish the completeness and accuracy of the accumulated surplus balance of R907 579 330 (2010: R874 262 800).

Revenue

12. There was no efficient system of control over revenue billings on which I could rely on for the purpose of my audit, and there were no satisfactory procedures that I could perform to obtain reasonable assurance that revenue billings were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and accuracy of service revenue recognised at R16 602 148 (2010: R7 567 956), as disclosed in note 13 and 14 to the financial statements and the related receivable balance amounting to R135 082 228 (2010: R107 200 568), as disclosed in note 10 to the financial statements. I was unable to determine the impact of this on the valuation of accounts receivable.

Irregular expenditure

13. Due to the inadequate implementation of an appropriate procurement and provisioning system which is fair, equitable and transparent, a contract was awarded amounting to R22 421 694 which was made in contravention with the supply chain management requirements. The amount was not included in the irregular expenditure, as disclosed in note 38.1 to the financial statements, resulting in irregular expenditure being understated by R22 421 694. I was unable to obtain sufficient appropriate evidence that the irregular expenditure of R4 607 373 as disclosed in note 38.1 to the financial statements is complete.

Fruitless and wasteful expenditure

14. With reference to note 38.3 to the financial statements, the municipality incurred fruitless and wasteful expenditure amounting to R393 552 which was incurred as a result of interest and penalties charged due to late payments made to South Africa Revenue Services (SARS) and R909 156 which was incurred as a result of late payments of contributions which had to be paid in terms of the Workmens Compensation Act (WCA). This disclosure was not made in the financial statements as required by section 125 (2)(d) of the MFMA. Consequently, I could not satisfy myself as to the completeness of the fruitless and wasteful expenditure as disclosed in note 38.3 to the financial statements.

Qualified opinion

15. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Thulamela municipality for the year ended 30 June 2011, its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and in the manner required by the MFMA.

Emphasis of matter

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

16. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during 2011 in the financial statements of the municipality at, and for the year ended, 30 June 2010.

Additional matter

I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

17. The supplementary information set out on pages X to X does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Predetermined objectives

18. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages XXX to XXX and material non-compliance with laws and regulations applicable to the municipality.

Usefulness of information

19. The reported performance information was deficient in respect of the following criteria:

- Consistency: The reported objectives, indicators and targets are not consistent with the approved Integrated Development Plan (IDP).
- Relevance: There is no clear and logical link between the objectives, outcomes, outputs, indicators and performance targets.

The following audit findings relate to the above criteria:

20. Reported performance against predetermined objectives is not consistent with the approved integrated development plan (Disaster Management)
21. The municipality did not achieve its predetermined objectives and there was no proof that the new targets were approved by the council.

Reliability of information

22. The reported performance information was deficient in respect of the following criteria:

- Completeness: All actual results and events that should have been recorded have been included in the annual performance report

The following audit findings relate to the above criteria:

23. The actual achievements with regard to 100% (Local Economic Development) of all planned objectives specified in the service delivery budget implementation plan for the year under review were not included in the report on predetermined objectives submitted for audit purposes

Compliance with laws and regulations

Strategic planning and performance management

24. The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury as required by section 72(1)(b) of the Municipal Finance Management Act (MFMA).

Budgets

25. The mayor did not submit all quarterly reports to council on the implementation of the budget and the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
26. The accounting officer did not always submit the monthly budget statements to the mayor and/or the relevant provincial treasury, as required by section 71(1) of the MFMA.

Annual financial statements, performance and annual report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liabilities and disclosure items identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

28. The municipality did not implement a SCM policy as required by section 111 of the MFMA.
29. Quotations were accepted from prospective providers who are not on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).
30. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of SCM regulation 19(a) and 36(1). Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids as per the requirements of SCM regulation 19(a) and 36(1).
31. The preference point system was not applied in some instances of procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
32. Contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in section 112 of the MFMA.

Human resource management and compensation

33. Senior managers directly accountable to the municipal manager did not sign annual performance agreements for the year under review within one month after the beginning of the financial year of the municipality, as required by sections 57(1)(b) and 57(2)(a) of the Municipal Systems Act.

34. The municipal manager did not sign an annual performance agreement for the year under review within one month after the beginning of the financial year of the municipality, as required by sections 57(1)(b) and 57(2)(a) of the Municipal Systems Act.

Expenditure management

35. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
36. The accounting officer did not take reasonable steps to prevent irregular expenditure, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
37. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, as required by section 65(2)(a) of the MFMA.

Transfer of funds and/ or conditional grants

38. The municipality did not always submit quarterly reports to the transferring national officer on non-financial performance in respect of the allocation received as required by section 11(2)(c) of the Division of Revenue Act.

Revenue management

39. Revenue received by the municipality was not always reconciled at least on a weekly basis, as required by section 64(2)(h) of the MFMA.
40. A credit control and debt collection policy was not adopted, maintained and implemented as required by section 96(b) of the Municipal Systems Act.
41. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which recognised revenue when it is earned, as required by section 64(2)(e) of the MFMA.

Asset management

42. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.
43. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets (including an asset register) as required by section 63(2)(c) of the MFMA.

INTERNAL CONTROL

44. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to

my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- The accounting officer did not review the financial statements and/or the report on predetermined objectives prior to submission for audit and therefore errors were not identified and corrected
- The accounting officer did not ensure that the finance unit is adequately capacitated with officials having the necessary skills.

Financial and performance management

- The Municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- The financial statements submitted were subjected to material adjustments. This was mainly due to the excessive reliance on the auditors to identify misstatements and assist in the correction and staff members not fully understanding the requirements of the financial reporting framework and the accounting standards.

Governance

- Those charged with governance did not ensure that management adequately implemented the recommendations of the prior year internal and external audit reports to adequately address the internal control deficiencies and recommends corrective action effectively.

Auditor-General
Polokwane
30 November 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

THULAMELA MUNICIPALITY

AUDITED
ANNUAL FINANCIAL STATEMENT

30 JUNE 2011

Annual Financial Statements

for

THULAMELA MUNICIPALITY

for the year ended 30 JUNE 2011

Province:

Limpopo

Contact Information:	
Name of Municipal Manager:	MATHIVHA MH
Name of Chief Financial Officer:	MADZHIIE MA
Contact telephone number:	015 962 7515
Contact e-mail address:	madzhioma@thulamela.gov.za
treasury:	MR TSHIVULE M
Contact telephone number:	
Contact e-mail address:	
Name of relevant Auditor:	OFFICE OF THE AUDITOR GENERAL
Contact telephone number:	
Contact e-mail address:	
Treasury:	Thomas Matjeni
Contact telephone number:	thomas.matjeni@treasury.gov.za
Contact e-mail address:	012 315 5792

THULAMELA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
2011

General Information

MEMBERS OF COUNCIL

	NAME		NAME
Mayor	MAHOSI NDIVUHO GRACE	Member	TSHISHONGE DOVHANI EDNA
Speaker	MALULEKE SHADRACK GEZANI	Member	MADONDO MARTHA LITSHANI
Chief whip	FUNGHENI MAVUYISI CLAUDINE	Member	LIGEGE VHENGANI PHOPHI
Exco Member	NETSHIFHEFHE MATODZI	Member	NEMARANZHE KHUMELENI
Exco Member	MAHOLWANA KUTALA EMELINE	Member	MANDIWANA NTAHADZENI ESTHER
Exco Member	LIGARABA LIVHUVANI ETHEL	Member	MULAUDZI KHATHUTSHELO ERNEST
Exco Member	MULOVHEDZI HUMBULANI PATRICIA	Member	MAMUSHIANA THIVHONALI DAVID
Exco Member	TSHIFHANGO AVHASHONI STEPHEN	Member	CHAVANI PHAHLELA JOE
Exco Member	CHABANGU MOHLABA EDWARD	Member	THANYANI RENDANI DENNIS
Exco Member	MALINDI THIVHILAHLEI OBRIEN	Member	MTILENI TSAKANI VIRGINIA
Exco Member	MADZUNYA EDZISANI	Member	TSHIVHASE NDIFELANI LAWRENCE RODGERS
Member	CHAUKE MKHACANI AARONE	Member	BILA TINTSWALO JOYCE
Member	RAMATAMBA KHOMBO ANGELINA	Member	RAMAANO LUVHENGU PHILLEMONT
Member	MATHAMBO RUDZANI	Member	RAMAGOMA RAMAABELE
Member	MALADA PHINEAS TSHIMANGADZO	Member	DENGE LUTANYANI ARNOLD
Member	MUEDI ESTHER TSHIFHUMULO	Member	RESENGA TSHAMI ESTHER
Member	GUNDULA THIVHULANI JEFFREY	Member	RAMUGUMO RUDZANISKINJAR
Member	MABASA JOSEPH	Member	MARUTHA MUTSHINYANI DORAH
Member	MALULEKE ROSINA LANGANI	Member	MPHAPHULI KONANANI CONSTANCE
Member	MOYO MKHACANI THOMAS	Member	MAGADA THIFULUFHELE SAMUEL
Member	BALOYI MAFEMANI ERICK	Member	BULALA HUMBULANI PATRICIA
Member	BALOYI LAZAROUS NDZUNISANI	Member	HILONGWANE SOLANI GRACE
Member	TWALA AMELIA ZONDI	Member	KWINDA SHONISANI CECILIA
Member	MAHLAULE MAFEMANI	Member	MAVIKANE SIMON XIHLAMARISO
Member	MATHEBULA TINYIKO SIMON	Member	PHALANNOWA NOMPIE REINET
Member	MABASA CONSTANCE RIRHANDZU	Member	MULAUDZI NDIDZULAFHI SALPHINAH
Member	MBEDZI SELINA THINAWANGA	Member	MUNDALAMO MASHUDU
Member	MUTHEIWANA FULUFHELO ASNATH	Member	SAMBO TSAKANI MARIA
Member	THARAGA MAANO DONALD	Member	MAMMBA M.E
Member	RAMANALA VHENGANI MARIA	Member	TSHIVHASE AVHAFUNANI EDWARD
Member	TSHIFHANGO REMBULUWANI ALSON	Member	NNGODISENI NTAMBUZENI SUZAN
Member	NETHONZHE RUDZANI THOMAS	Member	SIGIDANE NNDWAKHULU DANIEL
Member	MULAUDZI MATODZI MAVIS	Member	TSHIKOVHI ANN ANNINI
Member	MUSISINYANE NDITSHENI SAMUEL	Member	NENGOVHELA HUMBULANI EMMANUEL

**MEMBERS OF COUNCIL
CONTINUE.....**

Member THIFULUPHELWI AZWITAKADZI
Member MADUSE LVIHUVANI SALTHIEL
Member MAVHUNGA NALEDZANI JOSEPH
Member MUNYAI MASHUDU EVANS
Member DAVHANA AZWIFANELI JOYCE
Member RAMMELA MULALO SYLVIA

Member MUKHANINGA MUDZUNGA RICHARD
Member MUNERI TSHILOLO
Member RAMABULANA NTSHAVHENI DAVID
Member RAMULIFHO HUMBULANI BALDWIN

Municipal Manager

Mathivha MH

Chief Financial Officer

Madzhe Mavis Azwianewi

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

First National Bank

THULAMELA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30-Jun-11

General information (continued)

Registered Office:	THULAMELA MUNICIPALITY
Physical address:	Old Agrieven building Thohoyandou 0950
Postal address:	Private bag X5066 Thohoyandou 0950
Telephone number:	015 962 7500
Fax number:	015 962 4020
E-mail address:	mathivhamh@thulamela.gov.za

**THULAMELA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
2011**

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance & Traditional Affairs.

Municipal Manager

DATE

FINANCIAL STATEMENTS: THULAMELA MUNICIPALITY

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FINANCIAL STATEMENTS: THULAMELA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION			
as at			
30-Jun-11			
	Note	2011	2010
Assets			
Current assets		150,183,404	151,381,977
Inventory	9	17,503,472	33,636,645
Consumer debtors	10	15,507,443	20,553,773
Other receivables	11	34,195,676	44,476,730
Current portion of long-term receivables	8	2,399,025	1,904,339
Cash and cash equivalents	12	80,576,787	50,810,490
Non-current assets		820,271,716	791,247,801
Intangible assets	7	2,732,054	1,541,228
Property, plant & equipment	30	817,385,656	788,254,080
Non-current receivables	8	154,007	1,452,493
Total Assets		970,455,120	942,629,778
Current liabilities		52,831,716	60,918,553
Consumer deposits	2	8,115	-
Provisions	3	2,666,889	1,527,890
Current portion finance lease liability	29	882,196	1,946,328
Trade and other payables from	4	38,449,350	47,784,551
Unspent conditional grants and receipts	5	837,391	2,069,823
Bank Overdraft	12	9,987,775	7,589,961
Non current liabilities		10,044,071	7,448,423
Non current Finance Lease liability	29	1,476,646	2,849,942
Non current provision		8,567,426	4,598,481
Total Liabilities		62,875,788	68,366,976
Net Assets		907,579,333	874,262,801
Net Assets			
Revaluation reserve			-
Accumulated surplus/(deficit)		907,579,330	874,262,800
Total net Assets		907,579,330	874,262,800
		2	2

THULAMELA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 JUNE 2011

	Note	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
			R	R
2009				
Opening balance			615,017,863	615,017,863
Changes in accounting policy			-	-
Correction of error	34		150,318,828	150,318,828
Restated balance			765,336,691	765,336,691
Net surplus for the year			108,926,109	108,926,109
Balance at 30 June 2010		-	874,262,800	874,262,800
2010				
Restated balance			874,262,800	874,262,800
Net surplus for the year			33,316,531	33,316,531
Balance at 30 JUNE 2011		-	907,579,330	907,579,330

FINANCIAL STATEMENTS: THULAMELA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended
30 JUNE 2011

		2011	2010
REVENUE			
	Note		
Property rates	13	15,631,528	6,581,874
Service charges	14	33,502,621	31,114,807
Rental of facilities and equipment	31	442,880	373,364
Interest earned – external	16	5,071,383	2,969,165
Interest earned – outstanding debtors	17	1,012,753	1,930,765
Fines		3,557,665	1,586,705
Licenses and permits		10,554,808	9,504,938
Government grants and subsidies received	15	266,569,035	268,555,182
Other revenue	18	15,459,133	32,160,093
Total Revenue		351,801,807	354,776,691
EXPENDITURE			
Employee related costs	19	100,337,858	83,084,242
Remuneration of councillors	20	16,960,075	15,852,068
Provision for bad debts		36,493,879	9,801,697
Bad debts		6,230,404	10,867,127
Collection costs		5,106,644	3,175,143
Depreciation	33	32,017,065	19,731,968
Repairs and maintenance		34,154,686	9,899,692
Finance cost	21	418,165	528,567
Bulk purchases	22	-	-
Contracted services	32	304,212	749,612
Inventory write down/assets written off		9,914,312	281,664
General expenses	23	76,547,975	91,878,804
Total Expenditure		318,485,276	245,850,583
NET SURPLUS/(DEFICIT) FOR THE YEAR		33,316,531	108,926,109

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	323,179,589	328,373,708
Cash receipts from taxes, levies and fines	19,189,193	8,168,578
Service charges	6,112,835	4,487,214
Grants	265,336,603	268,779,591
Interest received	6,084,136	4,899,930
Other receipts	26,456,822	42,038,395
Payments	(231,838,012)	(207,694,237)
Employee costs	(112,189,990)	(93,835,194)
Finance cost	(418,165)	(528,567)
Suppliers	(119,229,857)	(113,330,477)
Net cash flows from operating activities	91,341,577	120,679,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(61,148,642)	(66,909,358)
Purchase of intangible assets	(1,190,826)	(1,381,828)
Net cash flows from investing activities	(62,339,468)	(68,291,185)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease/(increase) in long term receivables	803,800	(3,138,984)
Payment of finance lease liability	(2,437,428)	1,734,771
Net cash flows from financing activities	(1,633,628)	(1,404,212)
Net increase / (decrease) in net cash and cash equivalents	27,368,481	50,984,073
Net cash and cash equivalents at beginning of period	43,220,529	(7,763,542)
Net cash and cash equivalents at end of period	70,589,010	43,220,531
	70,589,011	43,220,529

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (NOTE 1)

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the

GRAP 20 Related party disclosure
GRAP 18 Segment Reporting - issued March 2005
GRAP 25 Employee benefit
GRAP 104 Financial Instruments
GRAP 105 Transfer of functions between entities under common control
GRAP 106 Transfer of functions between entities not under common control
GRAP 107 Mergers

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

2.2

Subsequent to initial recognition, land and buildings are carried at a revalued in terms of valuation roll and building are held at costs amount.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset useful lives:

Infrastructure		Other	
Roads and Paving	10	Buildings	30
Pedestrian Malls	10	Specialist vehicles	10
Electricity	20	Other vehicles	7
Water	20	Office equipment	7
Sewerage	20	Furniture and fittings	6
		Kitchen equipment	8
		IT equipment	8
		Office furniture	7 to 10
Community		Bins and containers	5
Buildings	8	Specialised plant and equipment	5
Recreational Facilities		Other items of plant and equipment	7
Security	8	Landfill sites	5
Halls	8	Quarries	5
Libraries	8	Emergency equipment	5
Parks and gardens	8	Computer equipment	5
Other assets	8	Machinery	9
Finance lease assets			
Office equipment	5		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVENTORIES

4.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

5.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired and general payment profile of debtors. Impairments are determined based on the collectable rate. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

5.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

5.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at

6 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

10 LEASES

10.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

10.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

11 REVENUE

11.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Revenue from the sale of water prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental/hiring of facilities and equipment is recognised as revenue once the booking and payment has been made.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the buyer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

12 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when

13 RETIREMENT BENEFITS

The municipality contributes to retirement benefits schemes for its continued employees and councillors. The contributions to these schemes are recognised as an expense on the statement of financial performance.

The contribution made by municipality, are defined contribution benefits. The municipality does not have any payment obligation to any employee or councillor after retirement.

14 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *[the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work]*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

15 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
CONSUMER DEPOSITS		
Rental of facilities	8,115	-
Total consumer deposits	8,115	-
No interest is paid on deposits.		
PROVISIONS		
Current provisions		
Provision for performance bonus	442,207	(0)
Provision for bonus	2,224,682	1,527,891
	2,666,889	1,527,890
Provision for bonus		Provision for performance bonus
Balance at beginning of year	1,527,890	-
Contribution to provision	696,792	442,207
Total provisions	2,224,682	442,207
Performance bonuses are paid one year in arrears. The assessment of eligible employees had not taken place at the reporting date. The provision is an estimate of the amount according to the performance agreements at the reporting date.		
Long term provision		
Provision for long term leave	1,624,985	
Provision for long service award	6,942,440	4,598,481
	8,567,426	4,598,481
The movement in long term provisions are reconciled as follows: -		
	Provision for long service award	Provision for long-term leave
Balance at beginning of year	-	-
Contribution to provision	6,942,440	1,624,985
Total provisions	6,942,440	1,624,985
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	655,754	2,047,914
Sundry Creditors	7,112	7,112
Accruals	7,334,086	8,592,738
Vat	-	-
Retention Creditors	9,224,392	9,226,686
Income received in advance	13,413,686	17,011,668
Staff leave accrual	4,737,579	8,270,401
State Cheques	1,275,429	1,279,609
Unidentified deposits	1,801,310	1,347,924
Total creditors	38,449,350	47,784,661
UNSPENT CONDITIONAL GRANTS		
Unspent Grants - MIG	445	-
Unspent Grants -NDPG	52,946	-
Unspent Grants- EPWP	784,000	-
Unspent Grants- Electricity	-	1,985,426
Unspent Grant - MSIG	-	84,397
Total Unspent Grants	837,391	2,069,823
CONDITIONAL GRANTS FROM GOVERNMENT		
Finance management grant	1,000,000	733,018
Municipal systems improvement grant	834,397	650,603
Umsobomvu youth fund	-	43,365
Grant(VDM)	-	39,460,007
Sports Grant	-	728,225
Municipal infrastructure grant	38,802,460	45,240,834
Electricity grant	1,985,426	45,630,244

NOTES TO THE FINANCIAL STATEMENTS

Neighbourhood Development grant	19,932,179	7,014,866
Grant interns Theta	-	346,600
Total conditional grants and receipts	62,554,452	139,847,762

See note 20 for reconciliation of grants.

NOTES TO THE FINANCIAL STATEMENTS

7 INTANGIBLE ASSETS	2011	2010
Reconciliation of carrying value	Total	Total
	R	R
Carrying values at 1 July 2010		
Cost	3,634,406	2,219,406
Accumulated depreciation – cost	(2,093,178)	(2,060,006)
Acquisitions	-	1,415,000
Amortisation	-	(33,172)
Carrying values at 31 June 2011	2,732,054	1,541,228
Cost	3,634,406	3,634,406
Accumulated depreciation – cost	(902,353)	(2,093,178)
Carrying values at 1 July 2009	159,400	-
Cost	2,219,406	2,060,006
Accumulated depreciation – cost	(2,060,006)	(2,060,006)
Carrying values at 30 June 2010	1,541,228	159,400
Cost	3,634,406	2,219,406
Accumulated depreciation – cost	(2,093,178)	(2,060,006)
8 NON CURRENT RECEIVABLES		
Debtors agreements	2,553,032	3,356,832
Sub-total	2,553,032	3,356,832
Less: Short-Term portion transferred to current assets	2,399,025	1,904,339
TOTAL	154,007	1,452,493
9 INVENTORY		
Inventory	17,503,472	33,636,645
Total	17,503,472	33,636,645
Opening balance of inventories:	33,636,645	44,957,566
Consumable stores – at cost	1,194,133	1,100,190
Unsold sites	32,442,513	43,857,376
Additions:	2,003,277	2,358,124
Consumable stores	2,003,277	2,358,124
Unsold sites	-	-
Issued/ (Sold):	(18,136,450)	(13,679,045)
Consumable stores	(2,484,123)	(2,264,182)
Sites sold	(15,652,327)	(11,414,863)
Closing balance of inventories:	17,503,472	33,636,645
Consumable stores	713,286	1,194,133
Unsold sites	16,790,186	32,442,513

NOTES TO THE FINANCIAL STATEMENTS

10. CONSUMER DEBTORS

Service debtors	260,975,909	231,847,686
Provision for bad debt	245,468,467	211,293,912
Total Service Debtors	15,507,443	20,553,773

30 June 2011	260,975,910	245,468,466	15,507,443
Service debtors:			
Property rates	34,557,791	31,586,122	2,971,669
General services	100,524,437	91,880,212	8,844,226
Other	125,893,682	122,002,133	3,891,549

Total	260,975,910	245,468,466	15,507,443
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30 June 2010	231,847,686	211,293,912	20,553,774
Service debtors:			
Property rates	28,552,623	25,546,878	3,005,745
General services	78,647,945	70,368,546	8,279,299
Other	124,647,118	115,378,388	9,268,729

Total	231,847,686	211,293,912	20,553,774
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2011	2010
R	R

Movement in the provision for doubtful debts		
Balance at beginning of the year	211,293,912	201,492,216
Provision for doubtful debts	34,174,554	9,801,696
Balance at end of the year	245,468,466	211,293,912

AGEING OF CONSUMER DEBTORS

Property Rates		
Current (0-30 days)	2,680,607	822,105
31-60 days	878,111	368,762
61-90 days	783,859	705,674
91-120 days	713,274	378,127
120days +	29,501,940	26,256,956
Sub-total	34,557,791	28,552,623

General Services		
Current (0-30 days)	2,330,249	2,123,710
31-60 days	2,285,315	2,084,803
61-90 days	2,259,286	2,095,182
91-120 days	2,223,302	2,082,699
120days +	91,426,284	70,261,552
Sub-total	100,524,437	78,647,945

Other		
Current (0-30 days)	5,720,050	3,404,858
31-60 days	2,500,327	3,239,188
61-90 days	2,363,232	2,710,152
91-120 days	2,241,994	2,695,039
120days +	113,068,079	112,597,880
Sub-total	125,893,682	124,647,118

Total consumer debtors	260,975,910	231,847,686
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Made up as follows:		
Current (0-30 days)	10,730,905	6,350,672
31-60 days	5,663,753	5,712,752
61-90 days	5,406,376	5,512,008
91-120 days	5,178,571	5,155,866
120days +	233,996,303	209,116,388
Total	260,975,910	231,847,686

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
11. OTHER RECEIVABLES		
Salaries Debtor	-	1,404,795
Vat	17,045,334	29,252,528
VDM Debtor	17,094,718	12,273,848
RD cheques	56,625	1,322,597
Other Debtors	0	222,961
Total Other Debtors	34,196,678	44,476,730
12. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash at bank	(9,987,775)	(7,589,961)
Call deposits	80,576,787	50,810,490
	70,589,012	43,220,529
Bank guarantee		
As at 31 December 2011, the Municipality has a bank guarantee/security of R450 000 to post office. Should Municipality fail to meet payments obligation with post office the amount will be paid over to post office by the bank.	450,000	450,000
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
FNB Bank Limited - Thohoyandou Branch - 54660078973		
Cash book balance at beginning of year	(7,681,429)	(8,809,413)
Cash book balance at end of year	(9,987,775)	(7,681,429)
Bank statement balance at beginning of year	6,348,544	(8,854,169)
Bank statement balance at end of year	20,949,189	6,348,544
Current Account (PHP Account)		
FNB Bank Limited - Thohoyandou Branch - 62116107401		
Cash book balance at beginning of year	91,467	594,866
Cash book balance at end of year	0	91,467
Bank statement balance at beginning of year	91,468	628,866
Bank statement balance at end of year	-	91,468
Call Account		
FNB Bank Limited - Thohoyandou Branch - 62090588016		
Cash book balance at beginning of year	4,537,232	1,000
Cash book balance at end of year	36,290,603	4,537,232
Bank statement balance at beginning of year	4,537,232	1,000
Bank statement balance at end of year	36,290,603	4,537,232
FNB Bank Limited - Thohoyandou Branch - 62090588793		
Cash book balance at beginning of year	46,273,258	450,000
Cash book balance at end of year	44,286,184	46,273,258
Bank statement balance at beginning of year	46,273,258	450,000
Bank statement balance at end of year	44,286,184	46,273,258

NOTES TO THE FINANCIAL STATEMENTS

13 PROPERTY RATES

REVENUE

Actuals

	2011	2010
Assessment rates	15,631,528	6,581,874
	15,631,528	6,581,874
Valuations		
Residential	1,732,617,000	1,732,617,000
Commercial	991,280,600	991,280,600
State	994,924,500	731,542,000
Municipal	333,859,555	333,859,555
	4,042,581,655	3,789,299,155

Valuation on Land and Buildings are performed every four years. The last valuation came into effect on 1 July 2007. Supplementary valuations are performed annually if necessary to take into account changes in individual property values due to alterations.

Municipal rate on the tariff listing is applied to property valuations to determine assessment rates. Rates are levied on annual basis on property owners

14 SERVICE CHARGES

Sale of water	(01)	0
General Services	32,522,022	30,129,524
Refuse removal	940,288	952,117
Sewerage and sanitation charges	30,531	33,966
Total service charges	33,502,821	31,114,607

15 GOVERNMENT SUBSIDIES & GRANTS

Operating Grants	285,848,870	169,941,012
Equitable share	202,014,573	165,836,238
Umsobomvu youth fund	-	43,365
Finance management grant (FMG)	1,000,000	733,018
Local government coactivity building grant	834,397	650,603
Grant (VDM)	2,000,000	2,331,189
Grant interns Theta	-	346,600
Capital Grants	65,720,665	98,814,189
Neighbourhood Development grant	19,932,179	7,014,656
Sports Grant	-	728,225
Municipal Infrastructural grant (MIG)	38,802,460	45,240,834
Electricity grant	1,985,426	45,630,244
Total Government Grants & Subsidies	256,569,035	268,555,182

NOTES TO THE FINANCIAL STATEMENTS

Equitable Share		
This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a rebate of R840		
Usobombvu Youth Fund		
Current year receipts	-	43,365
Conditions met – transferred to revenue	-	(43,365)
Unspent amount transferred to liabilities (see note 8)	-	(0)
This grant was for the empowerment of youth through job creation and training. Other than the unspent amount the conditions of this grant have been met.		
Finance Management Grant		
Balance unspent at beginning of year	-	(16,662)
Current year receipts	1,000,000	750,000
Conditions met – transferred to revenue	(1,000,000)	(733,018)
Unspent amount transferred to liabilities (see note 8)	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
THETHA GRANT		
Balance unspent at beginning of year	-	346,600
Current year receipts	-	-
Conditions met – transferred to revenue	-	(346,600)
Unspent amount transferred to liabilities (see note 8)	-	-
This grant was used to empower graduates on the internship programme and training of interns. Other than the unspent amount, the conditions of the grant were met.		
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	84,397	-
Current year receipts	750,000	735,000
Conditions met – transferred to revenue	(834,397)	(850,603)
Unspent amount transferred to liabilities (see note 8)	-	84,397
This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	(208,095)	(3,474,261)
Current year receipts	39,011,000	48,507,000
Conditions met – transferred to revenue	(39,802,459)	(45,240,834)
Unspent amount transferred to liabilities (see note 8)	445	(208,095)
This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
Integrated National Electrification Grant (INEP)		
Balance unspent at beginning of year	1,985,426	-
Current year receipts	-	47,230,000
Conditions met – transferred to revenue	(1,985,426)	(45,244,574)
Unspent amount transferred to liabilities (see note 8)	(0)	1,985,426
This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met.		

NOTES TO THE FINANCIAL STATEMENTS

VDM: Electricity Grant		
Balance unspent at beginning of year	0	385,670
Current year receipts	-	-
Conditions met – transferred to revenue	-	(385,670)
Unspent amount transferred to liabilities (see note 8)	<u>0</u>	<u>0</u>
This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the		
VDM: Sport Grant		
Balance unspent at beginning of year	-	728,225
Current year receipts	-	-
Conditions met – transferred to revenue	-	(728,225)
Unspent amount transferred to liabilities (see note 8)	<u>-</u>	<u>-</u>
This grant was used for the upgrading of stadium. Other than the unspent amount the conditions of the grant were met.		
National Development Partnership Grant		
Balance unspent at beginning of year	(14,886)	-
Current year receipts	19,999,991	-
Conditions met – transferred to revenue	<u>(19,932,179)</u>	<u>-</u>
Unspent amount transferred to liabilities	<u>52,926</u>	<u>-</u>
EPW Grant		
Balance unspent at beginning of year	-	-
Current year receipts	784,000	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	<u>784,000</u>	<u>-</u>
VDM: Kaselemana River Road		
Balance unspent at beginning of year	-	-
Current year receipts	2,000,000	-
Conditions met – transferred to revenue	<u>(2,000,000)</u>	<u>-</u>
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

16 INTEREST REVENUE	5,071,383	2,969,165
Bank	572,578	342,674
Call Accounts	4,266,347	2,626,490
External investments	232,460	-
17 INTEREST OUTSTANDING DEBTORS	1,012,753	1,930,765
Sundry debtors	1,012,753	1,930,765
Services:		
Services	1,012,753	1,930,765
Total interest earned	6,084,136	1,930,765
18 OTHER REVENUE		
Building plan fees	184,092	201,291
Connection fees	-	-
Refund skills development	296,758	360,923
Sundry income	3,138,093	18,578,067
Sale of even	11,840,190	15,021,812
Creditors written off	-	-
Total	15,459,133	32,160,093
19 EMPLOYEE RELATED COSTS	84,965,128	65,128,897
Salaries and wages	59,405,791	42,129,754
Salaries	2,470,822	1,880,970
Overtime	5,673,900	6,463,153
Leave bonus	-	478
Standby	885,481	29,244
Uniforms	22,693	21,176
Industrial Council Levies	6,338,427	6,259,091
Travelling allowances	2,928,421	-
Council Contrib/WCA	847,529	780,304
Skill Development Levy	3,539,685	5,143,363
Casual labour	-	234,050
Capital Remuneration	-	82,308
Maintenance Allowance	283,208	-
Acting Allowance	2,588,183	2,585,009
Long service	15,372,720	17,925,345
Social contributions:	13,241,835	14,046,304
Pension deductions	1,387,241	1,120,911
Medical aid funds	195,752	2,247,934
Housing subsidy	557,602	540,186
Unemployment Insurance Fund	-	-
Less: employee cost capitalized	-	-
Less: employee cost to operating	-	-
Total employee related cost	100,337,858	83,084,242
Remuneration of Managers	961,158	860,212
Municipal Manager	579,337	548,083
Annual remuneration	208,285	169,394
Allowances	129,001	105,403
Council Contributions(UIF, medical and pension funds)	44,532	39,341
Bonus	872,689	733,059
Chief Financial Officer	521,399	450,410
Annual remuneration	169,588	152,228
Allowances	134,685	95,014
Council Contributions(UIF, medical and pension funds)	46,337	35,406
Bonus	879,632	710,128
Senior Manager: Technical services	521,399	440,929
Annual remuneration	201,699	138,768
Allowances	116,254	95,014
Council Contributions	40,079	35,406
Bonus	884,889	725,513
Senior Manager: Corporate services	521,399	472,564
Annual remuneration	187,237	152,228
Allowances	116,254	85,014
Council Contributions(UIF, medical and pension funds)	40,079	35,406
Bonus	871,228	723,106
Senior Manager: Planning & Development	521,399	440,458
Annual remuneration	187,237	152,228
Allowances	116,254	95,014
Council Contributions(UIF, medical and pension funds)	46,337	35,406
Bonus	4,448,595	3,781,728
Total	4,448,595	3,781,728

NOTES TO THE FINANCIAL STATEMENTS

Disclosure in terms of the MFMA, 2003, Section 124(1)(c).		
	2011	2010
20 REMUNERATION OF COUNCILLORS		
Mayor	384,848	354,332
Speaker	313,008	330,685
Chief Whip	295,508	281,073
Councillors	9,460,794	8,759,784
Pension fund	1,510,708	1,455,997
Medical aid	27,849	13,967
SDL	120,094	109,644
Travelling allowances	3,949,102	3,728,917
Cellphone allowances	889,167	837,884
Total councillor's remuneration	16,960,078	15,852,064
<p>The Mayor, Speaker, and the Chief Whip are full time. Each is provided with an office.</p> <p>The Mayor has use of a Council owned vehicle not driver for official duties.</p> <p>Disclosure in terms of the MFMA, 2003, Section 124(1)(a).</p>		
21 FINANCE COST		
Lease	381,981	98,214
Bank overdrafts	8,780	430,353
Other	47,425	-
Total	418,186	528,567
22 BULK PURCHASES		
Water	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS

23 GENERAL EXPENSES

Included in administrative expenses are the following:

Advertising	394,813	159,347
Arts And Culture	10,850	
Audit Fees External	2,092,741	1,775,499
Bank Charges	971,071	693,405
Books And Publications	187,953	
Cellular Phone Expenses	505,338	700,844
Cleaning Material	1,199,955	1,128,442
Conference Expenditure	1,184,855	319,563
Cost of Sites Sold	8,486,781	11,414,863
disability development plan pr	39,596	
Demarcation of Sites		(7,220)
Disaster Relief	181,011	184,600
Education stipends	75,100	
Electricity - Department	3,914,434	2,683,437
Entertainment	54,058	29,407
Environmental Campaign	379,107	359,299
Fuel and Oil	4,553,990	2,866,947
Indigent Subsidy	7,434,602	9,898,162
Insurance Excess	39,475	66,855
Insurance General	993,626	360,674
Iron pegs	(300)	
Landfill	638,589	2,241,349
Legal Costs	3,589,266	3,828,500
Licence and Registration	62,314	(153,467)
Licence Application	857,430	492,187
Licences and Registration	33,033	259,039
Local Economic Development	276,188	
Membership Fee	806,294	1,060,202
People's Housing Project		(92,721)
Postage and Stamps		
Printing and Stationary	1,284,676	(21,410)
Professional Fees	2,629,268	932,130
Public Participation	969,378	442,020
Project Expenditure: Electricity	22,621,738	30,023,798
Publicity	312,929	137,133
PVA		1,491,228
Refreshment	33,800	21,385
Reflective uniform		3,167
Operating lease rental	52,742	316,453
RSC Levy	(33)	(137)
Service Discount		
Rental of Equipment	1,084,750	522,679
Sports gala		(25,919)
Stadia Marker	17,457	
Stipend (Training Theta)		925,289
Subsistence and Travel	1,237,639	592,021
Survey Cost	(448)	3,650
PMU	58,893	118,031
Telephone Expenses	1,468,695	1,316,115
Technical Assistance	75,827	2,023,797
Towing	44,232	750
Township establishment	2,763,033	2,254,944
Traffic Uniform	210,258	1,180
Training	1,114,571	537,441
Valuation Cost		85,359
Water Connection Material		
Water projects		
Welfare Development Plan	24,750	
Women Development Plan	53,645	2,526
Youth Advisory Centre Pro		15,350
Youth Development Plan	12,800	
2010 PVC	1,908,772	
Youth, Hiv, Women and Disable	86,131	71,230
	76,647,975	91,878,804

NOTES TO THE FINANCIAL STATEMENTS

	2010	2010
24 Notes to the cash flow statement		
24.1 Cash & cash equivalent		
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instrument. Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position		
Cash on hand and balances with banks	70 589 012	43 220 529
Short-term investments	<u>70 589 012</u>	<u>43 220 529</u>
24.2 Reconciliation of net cash flows from operating activities to surplus/(deficit) (in thousand of rand)		
Surplus/(Deficit)	33 316 531	108 926 109
Non cash movements		
Depreciation/Amortisation	32 017 055	19 731 968
Movement in working capital		
(Decrease)/INCREASE in payables	(9 335 202)	(18 666 481)
Increase/(Decrease) in consumer deposit	8 115	(558 286)
Increase/(Decrease) in provision relating to	5 107 643	5 101 116
Increase/(Decrease) in unspent conditional	(1 232 431)	224 409
(Increase)/Decrease in receivables	18 326 382	(5 402 282)
(Increase)/Decrease in inventory	16 133 173	11 320 919
Net cashflows from operating activities	<u>91 341 577</u>	<u>120 679 474</u>

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
25 ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE		
25.1 Contribution to SALGA		
Contribution to SALGA	1,533,831	962,720
Council membership fees payable	(1,533,831)	(223,229)
Amount paid current year		738,495
Balance unpaid (included in creditors)		
25.2 Audit Fees		
Current year audit fee	2,092,741	1,775,492
Amount paid current year	2,092,741	1,775,492
Balance unpaid (included in creditors)		
25.3 VAT		
VAT	17,045,334	20,257,578
Balance outstanding (to/from SARS)	17,045,334	28,634,087
VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output payable are shown in notes 15 and 8 respectively. All VAT returns have been submitted throughout the year.		
25.4 2010 FIFA WORLD CUP		
Thulamela Municipality made provision for the Public Viewing Area(PVA) for the purpose of the 2010 FIFA world cup.	1,908,772	
The total cost incurred for the year ended 30 June is:		

26. (continued)

Disclosure concerning councillors

Section 124(1)(b)
For the year under review, no councillor was owing the municipality for rates and taxes for more than 90 days

Total

**Section 64(3)
Outstanding consumer accounts
Government institutions**

	Arrear	Current	Outstanding 30 JUNE 2011	Arrear	Current	Outstanding 30 June 2010
Other government institutions						
Department of Health	63 493	182 300	245 793	151 532	113 387	284 990
Department of Education & Schools	2 895 129	336 019	3 231 148	1 610 681	422 350	2 033 031
Department of Agriculture	135 452	4 724	140 176	300 551	3 398	303 849
Department of Water Affairs	13 925	692	14 617	665	-	665
Department of Public Works	214 492	104 547	319 039	358 040	51 765	448 005
Total	3 334 492	628 281	3 962 773	2 461 449	690 500	3 652 349

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.

27.

CERTIFICATION AND APPROVAL BY THE ACCOUNTING OFFICER

**CERTIFICATION AND APPROVAL
BY THE ACCOUNTING OFFICER**

I, the undersigned, am responsible for the preparation of these annual financial statements which are set out on pages in terms of section 126(1) of the Municipal Finance Management Act, and which I have signed on behalf of the municipality.

and
Certify that the remuneration of councillors (as disclosed in note 24) is in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Cooperative Governance & Traditional Affairs's determination of the upper limits of the salaries, allowances and benefits as promulgated annually.

NOTES TO THE FINANCIAL STATEMENTS

MUNICIPAL MANAGER	DATE
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30. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Infrastructure	Community	Furniture	IT Equipment	Office Equipment	Machinery and Equipment	Motor vehicles	Finance Leases	Total
Carrying values at 1 July 2010	324,441,555	25,525,544	330,916,355	60,643,190	3,346,020	1,057,975	481,195	740,020	37,625,176	3,551,348	786,254,080
Cost	324,441,555	29,174,846	383,589,016	65,076,916	3,628,353	3,730,040	615,082	1,046,212	46,100,458	7,870,604	866,573,102
Accumulated depreciation -	-	3,648,302	52,672,660	4,433,725	582,343	2,632,065	153,865	305,592	11,571,282	4,319,256	60,319,022
Acquisitions	-	-	38,193,867	12,775,752	-	529,276	1,167,865	343,331	3,075,855	(2,136,323)	53,944,675
Capital under construction	-	-	9,879,855	-	-	-	-	-	-	-	9,879,855
Depreciation - based on cost	-	972,841	25,345,025	1,437,391	115,446	581,620	36,570	53,338	2,713,050	765,188	32,020,593
Carrying value of disposals	-	-	62,652	12,492	1,671	33,057	8,124	5,965	2,549,682	-	2,672,084
Cost	-	-	63,026	34,668	107,603	619,064	213,717	480,943	13,029,557	-	14,553,280
Accumulated depreciation	-	-	20,364	22,378	99,624	585,037	207,593	474,857	10,479,665	-	11,891,108
Carrying values at 30 June 2011	324,441,555	24,553,803	353,577,811	71,895,059	3,228,703	1,012,574	1,364,386	1,024,827	35,342,160	649,837	817,345,556
Cost	324,441,555	29,174,846	431,575,332	77,817,600	3,826,858	3,640,252	1,569,251	969,000	39,146,776	5,732,261	917,833,551
Accumulated depreciation - cost	-	4,621,043	77,998,321	5,645,741	598,155	2,627,678	(17,136)	(115,027)	3,804,617	5,082,444	100,487,895
Reconciliation of Carrying Value											
Carrying values at 1 July 2009	325,593,555	26,489,485	166,326,932	59,105,857	954,311	1,335,410	164,952	108,715	17,244,565	2,311,099	600,639,052
Cost	325,593,555	29,174,846	198,493,028	64,043,574	1,961,346	3,697,114	644,138	1,029,027	48,247,696	5,254,829	679,149,150
Accumulated depreciation -	-	2,675,361	32,166,096	4,934,717	1,027,035	2,361,704	476,179	820,312	31,003,030	2,943,727	78,511,086
Acquisitions - Prior year adjustment	-	-	-	-	-	-	-	-	-	-	-
Capital under construction	-	-	7,471,396	1,033,342	14,550	253,533	-	17,185	852,772	2,615,778	12,258,446
Depreciation - based on cost	-	-	64,651,899	2,025,825	195,999	482,256	50,583	38,187	2,813,930	1,375,529	64,651,899
Carrying value of disposals	-	972,841	11,720,593	-	25,164	9,067	-	-	-	-	19,698,793
Cost	-	-	-	-	153,533	220,607	29,058	-	-	-	34,251
Accumulated depreciation	-	-	-	-	136,739	211,520	29,058	-	-	-	473,566
Other movements	-	-	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2010	324,441,555	25,525,544	330,916,355	60,643,190	3,346,020	1,057,975	481,195	740,020	37,625,176	3,551,348	786,254,080
Cost	324,441,555	29,174,846	383,589,016	65,076,916	3,628,353	3,730,040	615,082	1,046,212	46,100,458	7,870,604	866,573,102
Accumulated depreciation - cost	-	3,648,302	52,672,660	4,433,725	582,343	2,632,065	153,865	305,592	11,571,282	4,319,256	60,319,022

The municipality engaged the service of independent professional valuer to value municipal assets as at 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS

31 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	442,880	373,364
Total rentals	<u>442,880</u>	<u>373,364</u>
32 CONTRACTED SERVICES		
Contracted Services for:		
Security services	304,212	749,612
	<u>304,212</u>	<u>749,612</u>
33 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	32,017,065	19,698,795
Intangible assets	-	33,172
	<u>32,017,065</u>	<u>19,731,968</u>
34 CORRECTION OF ERROR		
During the year ended 30 June 2011, errors were discovered relating to the information reported in the previous financial year.	2011	2010
The comparative figures have been restated as follows.		
34.1 The following accounts were presented with mistake in the audited financial statement and are now corrected:		
34.1.1 Reversal of vat portion on bulk purchases		
Net effect on surplus/(deficit) for the year		(612,682)
		<u>(612,682)</u>
Vat		612,682
Net effect on statement of financial position		<u>612,682</u>
34.1.2 Restated provision for long service award provided against salaries		
Net effect on surplus/(deficit) for the year		4,598,481
		<u>4,598,481</u>
Provision for long service award not provided prior year		(4,598,481)
Net effect on statement of financial position		<u>(4,598,481)</u>
34.1.3 Reversal of duplicated land		
Net effect on statement of financial position		(2,142,000)
		<u>(2,142,000)</u>
Net effect on accumulated surplus opening balance		<u>2,142,000</u>
34.1.4 Recognition of proceed from finance lease asset		
Net effect on surplus/(deficit) for the year		(1,588,896)
		<u>(1,588,896)</u>
Provision for long service award not provided prior year		1,588,896
Net effect on statement of financial position		<u>1,588,896</u>
34.1.5 Reversal of vat on collection cost		
Net effect on surplus/(deficit) for the year		(9,248)
		<u>(9,248)</u>
Sundry creditors was overstated with vat portion		9,248
Net effect on statement of financial position		<u>9,248</u>
34.1.6 Reversal of legal cost		
Net effect on surplus/(deficit) for the year		(156,450)
		<u>(156,450)</u>
Un-identified deposits overstated		156,450
Net effect on statement of financial position		<u>156,450</u>
34.1.7 Reversal of advertising		
Net effect on surplus/(deficit) for the year		(2,385)
		<u>(2,385)</u>
Un-identified deposit overstated		2,385
Net effect on statement of financial position		<u>2,385</u>
34.1.8 Reversal of leased finance interest		
Net effect on surplus/(deficit) for the year		(132,432)
		<u>(132,432)</u>
Sundry creditors was overstated with interest		132,432
Net effect on statement of financial position		<u>132,432</u>
34.1.9 Casual labour was understated		
Net effect on surplus/(deficit) for the year		497,433
		<u>497,433</u>
Sundry creditors was overstated with casual labour		(497,433)
Net effect on statement of financial position		<u>(497,433)</u>
34.1.10 Stale cheques overstated by cancelled cheques		
Expense		(172,182)
Net effect on surplus/(deficit) for the year		<u>(172,182)</u>
Stale cheques		172,182
Net effect on statement of financial position		<u>172,182</u>
34.1.11 Reversal of assets before unbundling		
PPE		(71,364,602)
Net effect on statement of financial position		<u>(71,364,602)</u>

NOTES TO THE FINANCIAL STATEMENTS

	Net effect on accumulated surplus opening balance	<u>71,364,602</u>
34.1.12	Reduction of Depreciation after assessment of useful life	
	Accumulated depreciation	<u>26,309,549</u>
	Net effect on statement of financial position	<u>26,309,549</u>
	Net effect on accumulated surplus opening balance	<u>(26,309,549)</u>
34.1.13	Take on assets : PPE	<u>2,096,370.00</u>
	Net effect on statement of financial position	<u>2,096,370</u>
	Net effect on accumulated surplus opening balance	<u>(2,096,370)</u>
34.1.14	Cancelled cheques not reversed expense	<u>(365,910)</u>
	Net effect on surplus/(deficit) for the year	<u>(365,910)</u>
	Bank	<u>365,910</u>
	Net effect on statement of financial position	<u>365,910</u>
34.15	During the year ended 30 June 2010 and previous years, infrastructure assets were incorrectly recognised.	
	The comparative amount have been restated as follows	
	Reversal of PPE - Infrastructure	<u>(187,831,601)</u>
	Accumulated depreciation	<u>41,521,030</u>
	Net effect on accumulated surplus opening balance	<u>146,310,571</u>
	Property, plant and equipment - cost	<u>382,168,916</u>
	Accumulated depreciation -	<u>(50,319,025)</u>
	Net effect on accumulated surplus	<u>(331,849,891)</u>
	During the year it was discovered that provision was overstated by an amount of R2 527 631	
	Provision	<u>2,527,631</u>
	Accumulated surplus	<u>(2,527,631)</u>
	Derecognition of interest recognised (89% of debtors)	
	Interest	<u>10,114,302</u>
	Net effect on financial position	<u>-10,114,302</u>
	During the year ended 30 June 2010 and previous years, municipality recognised water related transaction arising from agency agreement with Vhembe District Municipality: -	
		2010
	Reversal of water debtors as at 30 June 2009	
	Consumer debtors Opening balance	<u>(79,089,864)</u>
	VAT receivable	<u>9,712,790</u>
	Net effect on accumulated surplus	<u>69,377,074</u>
	Reversal of debtor's movement 2010	
	Consumer debtors	<u>(27,234,595)</u>
	VAT receivable	<u>3,293,273</u>
	Revenue	<u>23,941,322</u>
	consumer debtors (Ref COMOF 91)	<u>16,863,227</u>
	wdm creditor	<u>(16,863,227)</u>
	Reversal of provision for doubtful debts relating to water debtors	
	Provision for bad debts	<u>79,431,784</u>
	Provision for bad debts I/S	<u>(17,375,961)</u>
	Net effect on accumulated surplus	<u>(62,055,823)</u>
	Reversal of interest charged in 2010	
	Interest earned	<u>6,144,221</u>
	Consumer debtors	<u>(6,144,221)</u>

NOTES TO THE FINANCIAL STATEMENTS

Reversal of water revenue raised and money collected on behalf of VDM

Revenue	3,290,159
Vat receivable	460,622
Consumer debtors	
Vhembe District Municipality	(4,306,695)
Consumer deposit	555,914

Reversal of leave provision related to DWARF employees

Provision for bonus	869,604
Salaries	(1,179,627)
Leave provision	4,899,341
Accumulated surplus	(4,586,318)

Recognition of receivable in respect of payments made on behalf of Vhembe District Municipality

Expenses: Repairs and Maintenance	
Bulk purchases	(14,377,219)
Repairs and Maintenance	(4,041,374)
General Expenditure	(4,056,512)
Creditors	16,961,590
Accumulated surplus	(8,941,128)
Vhembe District Municipality - Debtor	2,434,366
Vhembe District Municipality	12,020,277

Reversal of salaries paid from VDM water grant

Vhembe district municipality	77,880,112
Expenses	(41,264,260)
Accumulated surplus	(36,815,852)

Reversal of grant recognised as revenue and receipt from VDM

Revenue	37,128,818
Accumulated surplus	35,469,488
Expenses	
VAT receivable	
Unspent conditional grants-VDM	(924,450)
Vhembe district municipality	(71,673,856)

Net effect on accumulated surplus opening balance 2008/2009 (7,352,560)

GRAND effect on accumulated surplus opening balance 2008/2009 (150,318,828)

4.3 ACTION PLAN TO ADDRESS ISSUES RAISED BY AUDITOR GENERAL IN RESPECT OF 2010/11 AUDIT SESSION

Ref	Issues	Action	Due Date	Responsibility
	QUALIFICATION MATTERS			
	Property Plant and Equipment			
AR 7	The infrastructure assets balance of R383 589 016 as disclosed in note 30 to the Financial statements does not reconcile to the underlying records balance of R325 107 278. The municipality could not provide supporting documentation for the difference of R58 481 738 between the financial statements and the accounting records.	Compile a reconciliation between the asset register at year end 30 June 2011 and the General ledger	31 January 2012	CFO and Manager SCM
AR 8	The municipality reviewed the residual values and useful lives of immovable and movable assets at the reporting date as required by the GRAP. In reviewing the residual values, of PPE the assets were re-measured the assets at the re-measured the asset on replacement cost, instead of depreciated replacement cost. Useful lives on the accounting policy do not accurately reflect the useful lives on the AFS	The measurement of assets take on will be corrected on both the asset register and general ledger to reflect depreciated replacement cost. Use of integrated asset register on the financial system which separate the useful life to the assessed use full life	31 January 2012	CFO and Manager SCM
			31 March 2012	CFO and Manager SCM
AR 9	In the furniture and equipment balance of R5 827 665 on the AFS there are assets that could not be physically verified.	<ul style="list-style-type: none"> - Review description of assets on the asset register - Review of asset management policy to incorporate measures to be taken if the asset is lost or stolen 	31 March 2012	CFO and Manager SCM
AR 10	The opening balance of PPE on AFS is R788 254 080, however the closing balance in 2009/10 was R647 815 443.	<ul style="list-style-type: none"> - Compile a reconciliation o opening balance for current year and closing balance for prior year. - Process all reconciling items in both the asset register and GL 	31 January 2012	CFO and Manager SCM
	REVENUE			
AR 12	Completeness and accuracy of service revenue recognized at R16 602 148 (2010: 7 567 956), as disclosed in note 13 and 14 to the AFS and the related receivable balance amounting to R135 082 228 (2010: 107 200	<ul style="list-style-type: none"> - Monthly reconciliation between the valuation roll and the monthly billing. - Process all reconciling 	June 2012	CFO and Manager Revenue

Ref	Issues	Action	Due Date	Responsibility
	568).	items in the billing system		
	IRREGULAR EXPENDITURE			
AR 13	An amount of R22 421 694 was made in contravention of SCM requirements	<ul style="list-style-type: none"> - Report all known irregular expenditure to Council. - Introduction of contract register to monitor expiry dates and inform the relevant HOD to start with the process of drafting Specification 	June 2012	All Senior Managers
	FRUITLESS AND WASTEFULL EXPENDITURE			
AR 14	<p>Fruitless and wasteful expenditure for an amount of R393 552, which was incurred as a result of interest and penalties charged due to late payment made to SARS.</p> <p>Fruitless and wasteful expenditure incurred amounting to R909 156 which was incurred as a result of late payment of contributions paid in terms of Workmen's Compensation Act (WCA)</p>	<ul style="list-style-type: none"> - Appointed senior Accountant salaries and project to fast track the - Include WCA contribution on Payroll system so that the payment be made with other third parties 	<p>July 2011</p> <p>March 2012</p>	<p>CFO and Manager Expenditure</p> <p>Senior Manager: Corporate services</p>

THULAMELA LOCAL MUNICIPALITY

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011.

The Audit Committee is pleased to present its report for the financial year ended 30 June 2011.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee, as an independent advisory committee appointed by the Council, has been established in terms of section 166 of the Municipal Finance Management Act 2003 (Act No.56 of 2003) and section 79 of the Municipal Structures Act 1998 (Act No. 117 of 1998).

The Audit Committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved terms of reference.

During the current year 5 meetings were held:

Name of member	Number of meetings attended	Apologies	Total
Mr. NA Dzuguda	5	5	5
Mr. TPN Siala	5	5	5
Mr. M Mahonga	5	5	5
Mr. B Mbewu	4	1	5

TERMS OF REFERENCE

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee also reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act 2003(Act No.56 of 2003), as well as the King III Report on Corporate Governance for South Africa.

ANNUAL AUDIT OF THULAMELA MUNICIPALITY

The annual audit of Thulamela Local Municipality by the Auditor General of South Africa (AGSA) has been finalized. The Audit Committee reviewed its findings and the resultant audit report for the year ended **30 June 2011**.

The audit opinion and causes thereof on the accompanying financial statements were discussed in details at the Audit Committee meeting.

The Audit Committee requested management to prepare action plans and corresponding responsible individuals and dates. The Audit Committee will monitor the plan and management will inform the Audit Committee regularly of the progress made on the matters raised by the Auditor General of South Africa.

AREA OF FOCUS

- Review of the Internal Audit and Audit Committee charter before submission for noting and approval to Council respectively.
- Review of the Internal Audit activities and approval of a three year audit plan up to 2013.
- Review of Internal Audit reports and management responses to address identified control weakness.
- Follow-up of action plans emanating from previous meetings and follow-up of actions implemented resulting from the internal audit reports.
- Liaison with Auditor General of South Africa regarding past, current and future external audits.
- Liaison with management regarding:
 - Resourcing of internal audit and risk management sections
 - Action plans relating to Operation clean Audit 2014
 - Risk management and municipal risk assessment
 - Liaison with internal audit and risk management functions
 - Performance Management Systems

EFFECTIVENESS OF INTERNAL CONTROL

In line with the Municipal Finance Management Act and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of Risk Management processes as well as identification of corrective actions and suggested enhancements to the controls and processes.

During the year under review, several deficiencies in the system of internal controls and/ or deviations were reported by the Internal Auditors and the Auditor General of South Africa, and in certain instances, the matters reported previously have not been fully and satisfactory addressed.

The Audit Committee reports that Risk Management was not fully effective during the year. The annual risk assessment was conducted but the Risk Management Committee was not operational and therefore management was not reporting to the Audit Committee on risk management.

PERFORMANCE MANAGEMENT

The Audit Committee reports that, performance management systems for all section 57 managers were implemented as required by the legislation.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

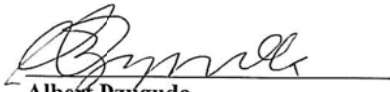
- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Accounting Officer.
- Reviewed the Auditor General of South Africa's management report and management's response thereto:
- Reviewed significant adjustment resulting from the audit.
- Requested management to prepare action plans to correct matters mentioned on the audit report and management report for monitoring by the Audit Committee.

The Audit Committee concurs and accepts the Auditor General of South Africa's conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor General of South Africa.

APPRECIATION

The Audit Committee wishes to thank the Accounting Officer of Thulamela Local Municipality and the Municipal Officials for the cordial manner in which this year's Audit was conducted, together with the enthusiasm shown by the management to address the issues identified. However, the Audit Committee will continue to engage the Auditor General of South Africa with a view of getting their co-operation for improved governance and realism of the Municipal's vision of getting a clean audit opinion by 2014.

On behalf of Thulamela Local Municipality Audit Committee


Albert Dzuguda
Chairperson of the Audit Committee

18 January 2012.
Date

CHAPTER 5: FUNCTIONAL AREAS OF SERVICE DELIVERY

1. DEPARTMENT: MUNICIPAL MANAGER'S OFFICE

	KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF THE FUNCTION
a	Integrated Development Planning	MSA of 2000 details how the IDP process should unfold through the IDP/Budget process plan.	Participation of stakeholders in the development of the IDP, through all stages of the IDP was done.				Participation of both community structure and government departments is needed in all stages of IDP.
b	Performance Management System	MSA of 2000 together with the PMS framework. Provide a guideline to implement PMS.	Development of PMS plans by all Section 57 Managers and quarterly reports were quarterly assessed.				Development and Implementation of PMS Framework/Policy
c	Internal Audit and Committee	Evaluation control effectiveness and adequacy. Preparing a risk –based Audit Plan Provision of assurance that implemented changes adequacy.	An Annual Plan is Developed.				Audited as per Annual Audit Plan

BUDGET: MUNICIPAL MANAGER'S OFFICE DEPARTMENTAL

	OPERATIONAL	CAPITAL	VARIANCE(if any)
BUDGET	R 4,685,256	R1,700,000	
ACTUAL EXPENDITURE	R5,532,920	R0	
SURPLUS/DEFICIT	(R847,664)	R1,700,000	

2. DEPARTMENT: CORPORATE SERVICES

	KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF THE FUNCTION
a.	Human Resource	The human resources function deals with recruitment, selection, and induction, training and development, placement, payroll and benefits.	<ul style="list-style-type: none"> In benefits we render employee wellness, benefits and funds. Administer employee benefits. Recruitment section administers advertisement of posts. Short listing and interviews and appointment of personnel. 				
b.	Work Skills Development	The section is responsible for capacitating officials and councilors for effectiveness and productivity in the municipality.	<p>The functions of Work Skills Development are the following:</p> <ul style="list-style-type: none"> To develop WSP for the municipality To develop Annual Training Report To implement WSP To monitor implementation of learner-ships and internships 				
c.	Legal Services	The division is responsible to render legal and administrative support services to the whole Municipality in both administrative and political components of the Municipality.	<p>The Function of Legal and Administrative is administered as follows and includes: <u>LEGAL SERVICES</u> which deals with attendance of all court matters, Drafting opinion and giving advice, and hearing enforcement of compliance, Drafting of policies and by – laws.</p>				

			<p><u>SECRETARIAL SERVICES</u>, which provides support to the political function of the Municipality. Among others it include preparing the agenda for both executive committee and council meetings, taking minutes and rendering support services to all portfolio committees of council.</p> <p><u>TRANSPORT SERVICES</u> which deals with the management of the whole field of the Municipality. This includes the pool vehicles, protection services vehicles, community services vehicles and Technical services vehicles. This all the sedans, Ldv's and Heavy Machinery vehicles including tractors are managed in this division. The issuing of vehicles Log sheets, filling of petrol, Services and Renewal of Licenses are also managed from this division.</p> <p><u>AUXILLARY SERVICES</u>, which is responsible for general administration, Printing services, Switchboard, Messengers, Typing and Customers Care.</p>				
d.	Record Management	Records management is a process of ensuring the proper creation, maintenance, use and disposal of records to achieve efficient, transparent and accountable governance by the Municipality.	<p>The following is the function of Records Management within the Municipalities and this includes:</p> <ul style="list-style-type: none"> ▪ Setup Registry ▪ Implement and Maintenance of file plan ▪ Perform Records Management Audit ▪ Implement Records Management policy and procedures ▪ Implement Registry systems ▪ Promote Electronic records Management system(ERMS) 				
e.	Network and System Administration	Information Technology section is responsible for implementation and management of information IT systems and	<p>The following are the activities rendered by IT :</p> <ul style="list-style-type: none"> ▪ End – user support ▪ Network Administration and 				

		Infrastructures that support business processes within the municipality and improve service delivery.	support <ul style="list-style-type: none"> ▪ Systems administration and support ▪ Server maintenance ▪ Data security 				
f	Municipal Fleet/Transport						

DEPARTMENTAL BUDGET: CORPORATE SERVICES

	OPERATIONAL	CAPITAL	VARIANCE(If any)
BUDGET	R 24,596,048	R 800,000	
ACTUAL EXPENDITURE	R 24,905,666	R 2,257,578	
SURPLUS/DEFICIT	(R 309,618)	(R 1,457,578)	

3. DEPARTMENT: TECHNICAL SERVICES

	KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF THE FUNCTION
a.	Water	Maintenance of all water and sewer pipes reticulations, repair of all boreholes, and monitoring of all water and sanitation projects done by the District municipality.	Completion of water projects as per IDP priorities.	VDM			Ageing of a/c pipes in most areas. Lack of transport for maintenance team, ageing of DWEA transferred staff, incompleteness in time of water capital projects and low funding. Delay of

							Nandoni WTW completion.
b.	Sanitation	Identification of indigent beneficiaries and monitoring of construction of the VIP units				Construction to complete outstanding units for remaining villages	Low funding for VIP latrines construction that resulted in high backlog.
c	Electricity	Our objectives is to reduce the total backlog by 2012, however as a municipality without a license we sometime met challenges of substation without sufficient capacity	Completion of water projects as per IDP priorities.			Electrification of villages through partnerships with communities without electricity.	Its challenging as we don't have license
d.	Roads	<ul style="list-style-type: none"> * Upgrading of gravel roads To surfaced standards. * Construction of well cambered graveled streets * Blading of Streets * Repair and maintenance Of surfaced roads. * Construction of Drainage structures * Repair And maintenance of Municipal fleet. 				<ul style="list-style-type: none"> * Upgrading & maintenance of roads. * Repair pot-holes in all surfaced streets * Construction of culverts. * Gravelling of gravel roads * Blading of streets in different wards. * Repaired breakdowns of machineries 	<ul style="list-style-type: none"> * Late completion of capital projects * Design life of the majority of the roads have been reached and exceeded * Lack of machinery * Lifespan of some of the fleet has been reached * Lack of funds
e.	Housing	Our focus is on PHP projects. PHP projects are built on areas where developers refuse to build because of geographical	Completion of water projects as per IDP			Building PHP projects as identified by	The following challenges exist – *shortage of staff *inaccessibility of the

		features not good however we managed to build almost 80%	priorities.			affected communities and also based on the state of the current household shelter.	areas *shortage of transport in house and outside
f.	Buildings	The department used available personnel to conduct housing inspection around R293 townships. Building offices for the municipality using our semi-skilled officials.				Conduct inspection around proclaimed townships. Construct & maintain municipal buildings as per municipality's plan	There is challenges of not getting qualified staff.
g.	PMU	Management of Municipal Capital Projects	Completion of water projects as per IDP priorities.			Approval of designs & documentation. Monitor the implementation as well as project management	Functioning but with shortage of Human Resource.

DEPARTMENTAL BUDGET: TECHNICAL SERVICES

	OPERATIONAL	CAPITAL	VARIANCE(If any)
BUDGET	R 83,983,707	R 41,204,000	
ACTUAL EXPENDITURE	R 61,550,078	R 17,693,191	
SURPLUS/DEFICIT	R 22,433,629	R 23,510,808	

4. DEPARTMENT: COMMUNITY SERVICES

b) Sports, Art, Culture, Education and Security

KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF FUNCTION
		Activities associated with provision of sport, art, culture, education and security.				
		<p>The strategic objective of this function is to provide basic social amenities like Community Halls, Sport Facilities, Libraries; provision of security services and the promotion of cultural activities to all residents.</p> <p>The most key activities for 2010/11 financial year have been the provision of basic sporting facilities, and proper maintenance of all council facilities.</p>				
		<p>Nature and extent of facilities provided:</p> <p>Library services</p> <p>Museums and art galleries(Thohoyandou)</p> <p>Other community Halls/facilities</p> <p>Child care</p> <p>Aged care</p> <p>Schools that hired showground Halls.</p> <p>Sporting Facilities (Stadiums: 6/ multipurpose courts 8/ swimming pools 4/</p>				
		<p>Number and cost to employer of all personnel associated with each community services function:</p> <p>Library services</p> <p>Museums and art galleries</p> <p>Other community halls/facilities</p> <p>Child care</p> <p>Aged care</p> <p>Schools that hired showground halls</p>				

		Sporting Facilities (Stadiums: 6/ multipurpose courts 8/ swimming pools 4/ Security officers				
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a) **SOLID WASTE**

KPI	OVERVIEW	DESCRIPTION OF THE ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF FUNCTION
		<p>Our Municipality collects refuse from residential areas, the three CBD's, namely, Sibasa, Malamulele and Thohoyandou, Industrial areas, institutions, and government complexes. We are presently managing two refuse disposal sites in Thohoyandou and Malamulele. We have a group of refuse collectors and street cleaners who cleans all arterial routes and open spaces, including bus and taxi ranks.</p> <p>We also have people who are responsible in cleaning all Municipal properties.</p> <p>There are a number of recycling initiatives that are being run privately that are assisting in reducing the volume of waste</p>				
		<p>The Municipality collects refuse once a week from residential areas and daily from the CBD's and institutions like hospitals, clinics, government buildings and industrial areas.</p> <p>The Municipality has a mandate to make sure that solid generated within the Municipal forum area is disposed off in a safe and healthy manner.</p> <p>The objective of this function is to make sure that we provide a safe and healthy environment to call our residents.</p> <p>During the year under review, we were able to extend our services to new residential areas and also expanded our services to the peri-urban areas of our towns. We participated in the Cleanest Town Competition.</p>				
		<p>6. <u>Number and Cost of Employer of personnel:</u></p> <ul style="list-style-type: none"> ○ Professionals ○ Supervisors ○ Officers ○ General Assistants 				

		<ul style="list-style-type: none"> Contract 				
		6. <u>No. of Household receiving regular services:</u> <ul style="list-style-type: none"> Removed one per week Removed less often Landfill sites (permitted) Disposal site (not permitted) 				
		6. <u>Free Basic Service Provision:</u> <ul style="list-style-type: none"> <input type="checkbox"/> Quantity (No. of households) <input type="checkbox"/> Quantum (value of each households) <p>All people receiving free basic refuse removal services are serviced at the same level of once per week like the rest of all residents.</p>				

a) **ENVIRONMENTAL IMPACT ASSESSMENT (EIA)**

KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	Analysis of function
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> In terms of the Environmental Management Act and the EIA regulations we are compelled to conduct Environmental Impact Assessment and receive Authorization from the competent Authority before commencement of any scheduled activity. This will include issuing of mining permits for Borrow Pits, water use certificate, Heritage Impact Assessment Approval from Heritage Resource Agency, Social Impact Assessment and Environmental Management Plans of all activities. 				
		<p>The Strategic objective of this function is to make sure that before commencement of any listed activity, authorization is received from the competent authority.</p> <p>The Municipality has a mandate to make</p>				

		<p>sure that all negative environmental impacts arising from any development are not only identified, but mitigated and monitored properly.</p> <p>During the year under review, we were able to receive authorization prior to commencement with all our developments.</p>				
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b) OCCUPATIONAL HEALTH AND SAFETY

KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	ANALYSIS OF FUNCTION
		This function of the Municipality is carried out especially in areas where there are major developments that have a potential to cause occupational injuries and diseases. This includes areas where the Municipality is carrying-out capital project and all projects conducted by third parties within our Municipal forum areas.			

DEPARTMENTAL BUDGET: COMMUNITY SERVICES

	OPERATIONAL	CAPITAL	VARIANCE(If any)
BUDGET	R 55,251,635	R 33,882,280	
ACTUAL EXPENDITURE	R 49,542,754	R 2,893,438	
SURPLUS/DEFICIT	R 5,708,881	R 30,988,842	

5. **DEPARTMENT: FINACIAL SERVICES**

KPI	OVERVIEW	DESCRIPTION OF ACTIVITIES		BUDGET	ACTUAL	VARIANCE	ANALYSIS OF FUNCTION/ ACHIEVEMENTS
A.INCOME	Income section is responsible for Revenue enhancement which includes, opening of consumer accounts, billing, collections, consumer database maintenance, safeguarding of assets i.e. cash collected etc.	Collection of council revenue.					
		Maintenance of indigent register.					Consumer not willing to pay for services
		Implementation of credit and debt collection policy.					Procured new money detector to reduce possibilities of receiving fraudulent notes.
		Maintenance of debtors' book.					Financial system not integrated and unreliable
		Write-off of irrecoverable debts.					Implemented revenue enhancement strategy.
							Property Rates Act not implemented in villages
							Reviewed and adopted debt collection and indigent policy.
		Correction of debtors accounts.					Inaccurate consumer data
							Installed speed point.
							Registration of indigents.
							Prompt delivery of statements through outsourcing.
							Debtors over R10,000.00 were handed to collection agency
B.EXPENDITURE	The section is responsible for facilitating payments	Payment of salaries. Payment of creditors and creditors' reconciliation. Maintenance of					Late payments of invoices due to incomplete/inaccurate information Payments by cheques is minimized through the use of EFT' s

		creditors' records. Updating of ledger accounts					Undue pressure from service providers to process payments without necessary supporting documentation Contractual employees' salaries are captured on the system instead of being paid manually. Litigation of non/late payments of goods and services which lead to over-expenditure on legal costs. VAT returns which were previously prepared by Consultants are prepared internally.
C.BUDGET	Budget section is responsible for compilation of municipal budget and tariffs and monitoring of expenditure and revenue against the budget	Compilation of budget Budget Control Preparation of monthly and quarterly reports to Treasury, Council and other stakeholders. Preparation of Annual Financial Statements.					Inadequate budget control Overreliance on IT system providers Budget was compiled in new format (MTERF) which is compulsory from 2010/11 financial year.
D.SUPPLY CHAIN MANAGEMENT	The directorate manages demand, acquisition, logistics and disposal processes of the municipality assets and other goods and services	Procurement of goods and services. Management of assets. Management of inventory					No centralized of storerooms (Too many storerooms) Procured fixed assets register financial system Non-performing service providers. Inventory count

							was done at all storerooms
							Overcharging of goods and services by service providers.
							Delivery of substandard services or goods.
							Supplier database does not cover all available service providers.

DEPARTMENTAL BUDGET: FINANCIAL SERVICES

	OPERATIONAL	CAPITAL	VARIANCE(If any)
BUDGET	R 35,134,304	R 420,000	
ACTUAL EXPENDITURE	R 26,130,433	R 294,555	
SURPLUS/DEFICIT	R 9,003,871	R 125,445	

6. PLANNING AND DEVELOPMENT

KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF FUNCTION
A.SPATIAL PLANNING	<p>The Division is made up of Spatial Development and the main goal of the Division is to ensure optimum quality of life for the community by improving the current utilization of space. The function of the division include amongst the following:</p> <ul style="list-style-type: none"> Processing land development applications such as, subdivisions, consolidation business applications in rural and urban areas, rezoning, and assist in the approval of building plans. Provides information on the zoning and land use regulations for properties within the municipality. Ensure compliance with the land use management scheme. Responsible for spatial/ forward planning interventions. Deals with any queries relating to zoning and land use controls for properties that fall within the municipality and any other general queries related to town planning. To facilitate preparation of development strategies and policies e.g. SDF To manage land use in order to provide safe and healthy living environment Demarcation of residential sites in rural and urban areas. Advice council and general public on issues related to land matters. 	Processing of rezoning				rezone applications were received ,processed and approved
		Processing of business applications				business /land use applications were approved
		Processing of consolidation				Applications for consolidations were received, processed and approved.
		Processing of subdivision				Applications for consolidations were received, processed and approved.
		Development of Spatial Development framework				The department of Land Affairs has appointed service provider to develop Spatial Development Framework
		Demarcation of sites				Demarcation of sites in various villages were currently busy with the processed.

KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF THE FUNCTION
GIS	To display geographical phenomenon features including land use activities like township layout, pipe line, sewer and roads	Produce map				Supply client by soft copy
		Identify of site				Shortage of space
		Support IDP and SDF				No plotter printer.
						Less software package.

C. LOCAL ECONOMIC DEVELOPMENT

3. KPI	OVERVIEW	DESCRIPTION OF ACTIVITY	BUDGET	ACTUAL	VARIANCE	ANALYSIS OF THE FUNCTION
Local Economic Development	<p>LED involves the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all. The main focus areas includes:</p> <p>SMMEs</p> <p>Look at the interests of small & big businesses, investments, community members and informal trading. Create an attractive, safe, viable and sustainable developments Support SMMEs development</p> <p>AGRICULTURE</p> <p>Ensure Agro-business development and process in the Municipality Liaise with public and private</p>	<p>CTA was revived. SMME Forum was established. Revitalization of Irrigation Scheme (Lwamondo) is underway Signing of Memorandum understanding was signed for the Development of Musangwe. Development of Musangwe bare-fist fight tournament (MOU to be signed) Plans to develop Information Centre was initiated & designed were approved Database for Accommodation has been developed SMMEs and Agriculture projects database are in</p>				<p>Lack of LED Funding. Lack of LED promotional materials. Shortage LED staff. Conflicts with some Traditional Authorities regarding land in proclaimed land for development.</p>

